



**RURAL DEVELOPMENT
WORKSHOP
ARDSI - D8 COUNTRIES**

**14-15 May 2015
ANKARA**

INTRODUCTION

At the D-8 Summit organized in Istanbul on 1-3 December 2014, it was agreed that a cooperation protocol be signed between the Agriculture and Rural Development Support Institution (ARDSI) and the Economic Cooperation Organization for Developing Eight Countries (D-8). Subsequently, on 18 March 2015, a cooperation protocol was signed between the Agriculture and Rural Development Support Institution (ARDSI) and the Secretariat of D8.

The aim of this protocol is to transfer the knowledge and experience acquired by the Agriculture and Rural Development Support Institution in the fields of policy and practice in relation to agriculture and rural development during the process of candidacy to the European Union to D-8 member countries through the Economic Cooperation Organization of Developing Eight Countries (D8).

Trainings will be organized for the relevant experts of D-8 countries with regard to the rural development support models and rural development policies which are still applied by the ARDSI. Within this framework, the Rural Development Workshop was organized between 14 and 15 May 2015 in order to transfer to D-8 member countries the knowledge and experience as regards institutional structuring processes, project cycle management, project preparation, project evaluation, on-the-spot control and monitoring of project practices, the proceedings of payment and accounting.

On the first day of the workshop organized for the experts that would participate from D-8 member countries, project-based training presentations were made by the experts of the ARDSI. On the second day of the workshop, a technical visit was paid to the exemplary projects which were supported by the ARDSI in our Ankara province and it was ensured that the participants saw the project practices of rural development on-site.

As the countries which are D-8 members are also the members of the Organization of Islamic Cooperation, both sponsorship support and technical support were provided to the relevant workshop by SESRIC (Statistical, Economic and Social Research and Training Centre for Islamic Countries) which is one of the Institution with which the ARDSI signed a cooperation protocol.

LIST OF PARTICIPANTS

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Musa Kulaklıkaya	Director General of SESRIC	Turkey
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1. OPENING SPEECHES

1.1. Ali Recep NAZLI (President of the ARDSI)

Mr. Musavi, the Secretary General of D-8 organization,
Ambassador Mr. Musa KULAKLIKKAYA, the Director General of SESRIC,
Esteemed representatives of the Embassies of Islamic Countries in Turkey,
Esteemed representatives of the Islamic Development Bank,
And the esteemed representatives, delegation of D-8 countries who come from abroad,
I would like to say “welcome” to everyone on behalf of my country and the Agriculture and Rural Development Support Institution. You have honored our country. We are glad to host you here. I hope that the rural development workshop will be useful both for us and D-8 countries in general and the country of every one of you specifically.

First of all, I would like to talk a little bit about the Institution at which we are. I would like to summarize for you the structure of the Institution at which we are right now and which will organize the workshop today and tomorrow. The Agriculture and Rural Development Support Institution is the institution of Turkey in relation to agriculture and rural development with international dimensions and international objectives as established within the framework of accession negotiations between the European Union and Turkey.

The aim of establishment of the ARDSI can be expressed as follows;

The ARDSI was established in order to contribute to the sustainable development of rural areas in Turkey, to build capacity in this sense and to realize the targets set by Turkey in this field. The ARDSI has signed contracts with eight thousand projects up to this day and these projects have been completed and put into practice. These projects cover various sectors. While some of these sectors are related to agriculture, some of them are not related to agriculture in any way, but are related to rural development in rural areas. The first of the main themes of the sectors which are related to agriculture is animal breeding; in this sector, we are supporting bovine and ovine breeding and poultry sector; milk and meat production in all their aspects. In addition, we are supporting the processing and placing on the market of these products. We are supporting cold stores to be established with regard to fruit and vegetable growing. In a little while, our colleagues will talk about what we support in detail, but I would like to make a general introduction. As the ARDSI, we are also supporting non-agricultural sectors. For example, rural tourism is one of them; we are supporting tourism investments, hotels, eating & drinking facilities, rest and service facilities to be established in rural areas. We are supporting handicrafts and local products



which are unique for each region. As the ARDSI, we are supporting all areas of agriculture from aquaculture and beekeeping to medicinal aromatic plants, greenhousing and ornamental plant. I would like to talk to you a little bit about the difference of the supports provided by the ARDSI from other support mechanisms and the difference of the system that we have established here.

Distinguished guests, first of all, the ARDSI has created a registered employment of 32.000 through the projects which it has supported up to now. In other words, through the projects supported by the ARDSI, most of which have been recently completed, our aim is to create a minimum employment of 80.000 when these enterprises work in full capacity. Secondly, we are executing our entire system within a planning and programming. That is what we would like to share with you during the two-day workshop. All proceedings which are conducted by the ARDSI are carried out within the framework of a programme which is called IPARD Programme and about whose details we will talk today and tomorrow. As per the system, there is a full commitment to the programme; it is not possible to make any deviation from- or any amendment in the program for any reason. IPARD Programme is a programme prepared in line with the priorities, needs and the relevant objectives of Turkey. The ARDSI carries out its activities in total harmony with the programme. As well known by the distinguished representatives and esteemed presidents here, the most important problem of Islamic countries in the field of agriculture and rural development is programming and to make practices depending on the programme. The ARDSI has a very significant ability and capacity in this sense. There are approximately 1.800 personnel at the institution and all of these personnel have a good capacity of writing and implementing programmes. As the ARDSI, we are ready to share our experience on this subject in the event that you consider this appropriate and that suitable environments are created. When suitable environments and conditions materialize, we can present our experience to you in the field of programming. We can identify the needs of your countries on these subjects with you. We can write a programme in line with these needs and follow this programme in a very good way.

The second subject which is important here is accreditation. The ARDSI is an institution which has been accredited by both the Undersecretariat of Treasury of the Republic of Turkey and the Commission of the European Union. In other words, all processes, all proceeding steps of the ARDSI, all projects and, in short, the entire system is subject to accreditation and actions are performed according to accreditation criteria. As we are an accredited institution, we can implement the same criteria in all fields in every part of the country. Secondly, we can eliminate personal criteria and monitoring and evaluation can be performed in a very efficient manner. As you know, one of the most important steps of project cycle management is monitoring and evaluation. However, unfortunately, as we continuously concentrate on the on-site activities, we are negligent on monitoring and evaluation. But, the ARDSI has overcome problems on this subject.



As you know, there are very considerable opportunities in the sector, agriculture is the sector of the 21st century and the countries and firms which make investment in agriculture in the world will obtain very significant revenues and come to the fore in the global economy. As a short example; clusters have materialized in certain regions of the country due to the investments made through the supports provided by the ARDSI in the poultry sector. In the poultry sector, large firms establish hatcheries, feed plants in certain regions and investors establish poultry holdings in these regions through the supports of the ARDSI. The ARDSI support both the construction expenditures of these poultry investments and their procurement of machinery-equipment and consultation expenditures. Therefore, facilities are established through the support of the ARDSI, our investors sign contracts with large firms later on and in this way, they supply all of their expenditures such as chicks, feed, drugs and veterinary services from the firm from which they sign contracts. Accordingly, our investors only focus on production and deliver their products to the firm at the end of the 42-day process of breeding. Thus, our investors receive dividend from production. For now, the dividend per chicken in our country for such a holding is around 1 TL. If it is considered that the ARDSI supports enterprises with a capacity of 50.000, our investors receive a dividend of 50.000 TL. If it is also considered that costs are very low in this system, our investors can make production without taking any excessive risk. Due to this system, Turkey is one of the most considerable white meat producers. In giving this example, my aim is to ensure that the subjects over which we will discuss during the workshop do not remain here, that they are useful for you and that they build capacity. You will also see these sorts of examples during the visits to be paid to holdings on the second day of the workshop.

As the ARDSI, we have been in talks with the secretariat of D-8 for a long time. We hosted Distinguished Secretary General of D-8 at our institution and signed a protocol with him. We participated in the meeting of Agriculture Ministers together last year. This workshop is the outcome of these long-standing activities. Primary aim of the workshop is to be an initial workshop. We would like to share what we can give to you and on which subjects we can support you. Subsequently, in the event that you have needs and requests, we can conduct organizations, trainings and programmes on specific subjects. Therefore, this workshop will be an important initial meeting in the sense of both an introduction and discussing with you what we can give to you in terms of institutional capacity.

We have been working with SESRIC which is the Centre of Economic Research of the Organization of Islamic Cooperation for five to six months. We also have a protocol with them. Your countries are countries which are the members of both the Organization of Islamic Cooperation and D-8. These two organizations are signing protocols with our institution in order to support you in this field. Very soon, we also plan to organize an activity with SESRIC.

The system that we would like to share with you here was well structured in Europe; in other words, the countries of the European Union established a good system in the field of agriculture and rural development. The heads of



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paying agencies of 28 countries which are members of the European Union annually assemble and the things which are annually carried out and which cannot be carried out are analyzed. The subjects on which a country is lacking are complemented by another country and accordingly, a capacity is built. The ARDSI is the only institution in Turkey which exercises the authorities of the European Commission as a part of this system. Therefore, the ARDSI works in a way that is integrated to this system. We would like to share with Islamic countries our experience in the establishment of such a system and to provide support for them. On the first day of the workshop, presentations containing technical knowledge will be made by our experts. On the second day, visits will be paid to holdings. Within this framework, three different facilities for which a grant support at a rate of 50-65% has been provided by the ARDSI will be visited in Ankara. These facilities were established with the support of the ARDSI and provide significant contributions to the national economy. I would like to thank you for your participation. Moreover, I would like to express my gratitude to the Secretary General and the Distinguished President for being with us. I hope that the workshop will be useful for us.



1.2. Seyed Ali Mohammed Mousavi (Secretary General of D-8)

In the name of Allah, the compassionate, the merciful

President of the Agriculture and Rural Development Support Institution of the Republic of Turkey, Mr. Ali Recep NAZLI, Director General of the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), Ambassador Mr. Musa KULAKLIKAYA, Esteemed Representatives, Ladies and Gentlemen, peace, mercy and blessings of Allah be upon you all.

It is my honor to be at this very important Workshop on Exchange of Information on Rural Development Policies. This meeting constitutes a unique platform in the contribution to the rural development integration and subsequently, food security



and living standards of D-8 member countries in a coordinated and coherent way. I would like to welcome you all to this workshop on behalf of D-8 organization. First of all, I would like to express my heartfelt gratitude to the government of the Republic of Turkey and especially, to the Agriculture and Rural Development Support Institution for this well-prepared workshop provided for our delegation at this great venue in the capital city, Ankara. Moreover, I would like to extend my gratitude to all representatives and SESRIC which makes it possible for this workshop to be organized for their support.

Distinguished representatives, as you know better than me, agriculture and rural development plays a key and strategic role in the world and especially, in all developing countries including D8 countries. As a matter of fact, agriculture and rural development is the key of developing food security, eliminating poverty, improving living standards and economic growth.

Esteemed representatives, ladies and gentlemen, as a part of the joint activities aimed at increasing the Rural Development of D-8 countries, as specified by the President of the ARDSI, Mr. Ali Recep NAZLI, a protocol was signed between the ARDSI and D8 on 18 March 2015. Aim of this protocol is to develop a regional database, to encourage joint efforts in the field of rural development and to formulate the general framework for rural development cooperation through the transfer of knowledge and experience. In this context, I would like to extend my gratitude to the ARDSI for this close cooperation. This protocol presents a general framework in order to encourage member countries in terms of their mutual interests in the field of rural development and to facilitate cooperation. D8 Countries should take necessary measures in terms of the change of rural areas and production sector. As an incentive towards this aim, people living in rural areas should be allowed to apply new development models in order for them to completely fulfill their economic, social and environmental roles. In addition, I would like to encourage D8 countries to make use of this protocol for future cooperation with the ARDSI. D8 countries can make cooperation on capacity-building, technical assistance and project practices soon. By considering the outcomes of this workshop, we need strategic aims in terms of rural development among D8 countries and an action plan aimed at our cooperation. In order to achieve this, I hope that this workshop will put forth policies and programs which are composed of capacity-building, knowledge and the elements of knowledge through comprehensive approaches for D8 rural development cooperation. Therefore, it is necessary that mutual approaches are present in each phase and it needs to be ensured that private and public stakeholders are also involved. Finally, I would like to extend my deepest gratitude and thankfulness once again to the Government of the Republic of Turkey and the Agriculture and Rural Development Support Institution as they ensure that representatives from D8 member countries participate in this important meeting and I hope that these sorts of events continue to be organized by other member countries. I hope that the workshop will be successful and thank you for listening to me.

Peace, mercy and blessings of Allah be upon you all.





1.3. Musa KULAKLIKAYA (Director General of SESRIC)

His Excellency, Secretary General of D8, M. Sayed Ali Muhammed Mousavi,
President of the ARDSI, Mr. Ali Recep Nazlı, Esteemed representatives of the
ARDSI, The Organization of Islamic Cooperation and the Embassies of D-8
member countries in Ankara,

Ladies and gentlemen,

Peace, mercy and blessings of Allah be upon you all

I would like to say welcome to you and thank you for sparing two days out of your valuable time in order to participate at this important workshop. Besides, I would like to extend our gratitude and thankfulness to the Secretariat General of D-8 and the Agriculture and Rural Development Support Institution for their cooperation in the organization of this unique event.

I am very happy to see that our member countries, through the participation of five member countries of the Organization of Islamic Cooperation and representatives from Turkey, have assembled today in order to share their experience, practices and knowledge on one of the most important issues of them.

More than half of the total populations of five member countries among eight member countries of the Organization of Islamic Cooperation and D-8 Organization including 67% in Bangladesh, 57% in Egypt, 57% in Indonesia, 54% in Nigeria and 62% in Pakistan live in rural areas. In other three countries, the percentage of population living in rural areas including 27% in Iran, 26% in Malaysia and 28% in Turkey is quite high.



As 51.8% of the populations of member countries of the Organization of Islamic Cooperation lives in rural areas and the member countries of the Organization of Islamic Cooperation hold 29% of the global agricultural lands including grass and pasture lands, agricultural activities play an important role in the economies of member countries. Current statistics show that 240 million people who make up 14.5% of the total population in the countries of the Organization of Islamic Cooperation engage in the agricultural sector in economic terms. In 17 countries which are the members of the Organization of Islamic Cooperation, the fact that rate of the population that is active in agriculture in economic terms is more than 20% shows the importance of agricultural activities.

In addition to developments in the agricultural sector, the mitigation of poverty is another key factor for rural development. As an important part of the population of member countries living in rural areas is under poverty line, the mitigation of poverty is one of the most significant priorities of member countries in order to achieve a sustainable rural development. For this reason, agriculture and the mitigation of poverty was identified as one of the areas of cooperation in the strategy of COMCEC (The Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation). I am happy to inform you that the Programme on Agricultural Capacity Building of the Organization of Islamic Cooperation and the Programme on the Mitigation of Poverty were initiated by SESRIC in order to ensure sustainable rural development.

Distinguished Participants;

Ladies and gentlemen;

The term of rural development is one of the current subjects in the development paradigm among member countries. In order to ensure the development of rural areas, employment opportunities should be opened to the population in these areas and these people should find a job in regions which are close their houses. The centralization of national development projects aimed at technical and social infrastructure, the establishment of factories, industries, universities and other production companies especially in rural areas can increase non-agricultural job opportunities in these regions. Connections between cities and rural areas, infrastructure, advanced information technologies, the quality of public services, the quality of health services and education opportunities should be developed. Based on the projects on infrastructure development, investment should be made on subjects such as environment, the collection and management of waste, energy supply and quality drinking water in the rural areas of member countries. In order to increase the rate of literacy in rural areas, policies required for providing equal education opportunities for young generations should be implemented.

In terms of the indicators of development; the member countries of the Organization of Islamic Cooperation are still behind the group of other developed countries in terms of rural development. Due to shortcomings in terms of focusing



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on rural development strategies sufficiently and developing appropriate policies, rural areas are still behind cities. I hope that this workshop on the exchange of information with regard to rural development policies will contribute to member countries recognizing strengths and opportunities in rural areas and making use of them.

Distinguished Participants;

Ladies and gentlemen

SESRIC supports the initiation of joint activities in the field of rural development through capacity building and training programmes, study visits and workshops organized in close cooperation with the rural development training centres of member countries. In terms of the implementation of the outcomes of this workshop, a proposal towards the initiation of an individual capacity building programme can materialize under the cooperation of D-8, the ARDSI and SESRIC. The meetings that you will hold and the proposals that you will present during this workshop will contribute to us a lot as regards the development of our activities and the identification of our aims in a better way.

I wish an efficient and successful workshop and meeting for you, I thank you for the kind interest that you have shown.

Peace, mercy and blessings of Allah be upon you all.



THE FIRST DAY OF THE WORKSHOP

2. AGRICULTURE IN TURKEY, RURAL DEVELOPMENT POLICIES IN TURKEY AND THE EUROPEAN UNION

Expert from the ARDSI
Hakan Efendi ÖZAT

Distinguished President,
Distinguished Secretary General of D-8,
Distinguished Director General of SESRIC,
Esteemed representatives of Islamic countries,

In the first session of the workshop, we will discuss with you with regard to Turkish agriculture, the current level of Turkish agriculture, developments in Turkish agricultural sector in recent years, the general rural development policy of Turkey and, as the Agriculture and Rural Development Support Institution which is organizing this workshop is a European Union Institution, the rural development policies of the European Union.

Turkey is a country which has lands on which agricultural production was performed for the first time in human history. Turkey is one of the most important countries of the region in agricultural terms due to its wide agricultural areas, large population and high production potential.

Total area of Turkey is 78 million hectares; 24 million hectares of this area are used for agricultural production while 14 million hectares are used as grass and pasture land. The area covered by forests is 21 million hectares. There are 3 million agricultural holdings in Turkey; the average size of holdings is 6 hectares.

Turkey utilized its wide agricultural areas and favorable climatic conditions very well and its agricultural production value reached 61 billion US Dollars by increasing at a rate of 157% in the past ten years. Turkey has become the world's seventh and Europe's largest agricultural economy. The share of agricultural sector in gross domestic product is 7.4%.

Turkey has an agricultural trade volume of 36 billion US Dollars with its agricultural exports of 18 billion US Dollars and agricultural imports of 18 billion US Dollars and has increased its agricultural trade volume by 370% in the last year. Turkey meets the food needs of its 77 million citizens and approximately 40 million tourists per year through its agricultural production and trade volume in agricultural sector; it also exports 1.681 different products amounting to 18 billion US Dollars to 192 countries of the world.

In terms of plant production, Turkey produces 33 million tons of grains, 3.5 million tons of oilseed plants, 18 million tons of fruits and 28 million tons of vegetables. Through these production figures, Turkey is among top five countries in the world in terms of the production of approximately 30 crops. However, Turkey is the country with the highest production value of the world in some products such as hazelnut, cherry, fig and apricot. The production potential



of Turkey also reflects its export in the same way. While Turkey is the largest exporter in the world in terms of products such as hazelnut, apricot, grape, fig, in particular, it is among the top five exporters in the world in 21 crops.

In terms of animal production, Turkey both meets the food needs of its own population and makes export through its production of 18 million tons of milk, 1 million tons of red meat and 2 million tons of white meat. Turkey comes the ninth in cow milk production, the second in sheep milk production, the seventeenth in beef production, the ninth in white meat production, the second in honey production in the world.

There are different underlying reasons for Turkey's potential in both production and export. Wide agricultural areas, favorable climatic conditions and high mechanization level ensure the aforementioned production and export achievement. Moreover, Turkey has important advantages in terms of export due to its geographical position. When a circle with a flight time of four hours is drawn around Turkey in world map, it will be seen that 1/4 of the global Gross Domestic Product is produced in this region and 1/3 of the global population lives here.

Turkey have continuously developed policies, prepared plans and programmes and implemented projects so as to develop its rural areas in the 90 years that have elapsed since the foundation of the Republic.

In the creation of rural development policies, first of all, the definition and limitation of rural areas which will be covered for the target group is of importance. There are many classification and identification methods developed in order to identify and limit rural areas. In Turkey, to this end, the population of settlement areas is taken into consideration and the settlement areas whose population is less than 20.000 are accepted as rural areas. According to this method of classification, nearly 28% of the population in Turkey lives in rural areas.

Another significant point which is of importance in terms of rural development policies is the state of infrastructure. Given this aspect, 99% of settlement areas in Turkey at municipal level are connected to drinking water network. 140.000 kilometers or, in other words, half of all village roads which are approximately 320.000 km in total have been asphalted or stabilized in line with standards. In recent years, one of the indicators of rural development is access to internet. Nearly half of the population in Turkey has access to internet in their own settlement areas.

Rural development is an important policy area in Turkey. As known, while rural development is closely related to the agricultural sector, meeting the needs of rural areas and developing their living standards also cover many activities outside this sector. In this framework, the most important main policy documents of rural development in Turkey are five-year development plans. Turkey has been implementing a planned development policy since 1963. In the development plans which are prepared for a period of five years, the aims, strategic objectives of the country in relation to development and the activities to be performed in the upcoming period of five years are identified. After the five-year development



plans are ratified by the Grand National Assembly of Turkey, they enter into force and they have the nature of a law in terms of this aspect. While all elements in relation to the development of the country are included in development plans, it is natural that there are also objectives in relation to agriculture and rural development and the activities to be performed. As specified above, five-year development plans identify the general framework with regard to the development of the country. By making use of this plan, annual programmes covering the activities to be performed each year are prepared.

Given this aspect, the main document in relation to rural development policies in Turkey are five-year development plans. The underlying document is National Rural Development Strategy. This document is prepared under the cooperation of all stakeholders of rural development and identifies general framework and strategic priorities for rural development. Currently, the National Rural Development Strategy for the period of 2014-2020 is being implemented in Turkey. Another important document in terms of rural development is National Rural Development Plan. This plan is prepared by the Ministry of Food, Agriculture and Livestock in cooperation with the other actors of rural development. In the plan, the activities which will be performed in order to achieve the objectives identified in National Rural Development Strategy and the institutions which are responsible for these activities are defined.

The aforementioned three documents are the documents which set the framework of rural development activities in Turkey. By making use of these documents, rural development programmes are prepared. Rural development programmes are programmes which are aimed at different sectors and have many components. For example, there are three programmes which are currently implemented in order to develop infrastructure in rural areas. One of them is the programme implemented in order to develop infrastructure in villages, the other one is the programme implemented in order to develop the infrastructure of towns and the last one is the programme implemented in order to develop social infrastructure in rural areas. In addition to the programmes aimed at infrastructure, another group of programmes is regional development programmes. As Turkey has wide lands and its regions have different characteristics, development programmes that are created according to the needs of regions are implemented. The regional development programs which are implemented in Turkey right now are the Development Programme of Southeastern Anatolia Region (GAP), the Development Programme of Eastern Anatolia Region (DAP), the Development Programme of Eastern Black Sea Region (DOKAP), the Development Programme of Yeşilırmak Basin (YHDP) and the Development Programme of Konya Plain (KOP).

Besides, there are support programs with regard to rural development in Turkey. One of them is the Programme on the Support of Rural Development Investments (KKYDP) which has been implemented by the Ministry of Food, Agriculture and Livestock since 2005 and has the aim of developing economic activities in rural areas. This programme is implemented in all provinces and executed under two main titles. Within the scope of the programme, the establishment of industrial facilities related to agriculture, the development of modern irrigation infrastructure



and the machinery and equipment needed by farmers for agricultural production are supported in rural areas. Within the framework of the programme, up to now, a grant support of one billion TL has been provided, 5.450 agricultural holdings have been established and employment has been provided for 46 thousand people.

Another rural development support programme which is implemented in Turkey is the IPARD Programme. The main aim of this programme is to contribute to the upgrading of the agricultural sector to the European Union standards during the accession process of Turkey to the European Union. Within the scope of the IPARD Programme, resources with a total amount of 1 Billion and 160 Million Euro including the contribution of the European Union amounting to 874 million Euro and the contribution of the Republic Turkey amounting to 286 million Euro are used in order to support rural areas. Within the framework of the programme, holdings which produce milk and meat, facilities which process agricultural products and projects aimed at diversifying economic activities in rural areas are also supported.

As Turkey is a candidate country for the European Union, the follow-up of agricultural and rural development policies of the European Union is of importance for Turkey. When accession is complete, rural development activities will be harmonized with the European Union.

Rural development policies of the European Union are one of the main components of the Common Agricultural Policy. For this reason, it is primarily necessary to briefly touch upon the change and developments experienced in the Common Agriculture Policy from past to our day. The Common Agricultural Policy is the oldest policy of the European Union and has been implemented since 1962. While the aim of the Common Agricultural Policy in the first years was to find a solution to food insufficiency experienced following the World War II, it evolved into the limitation of excessive production in foodstuff and the improvement of competitiveness of European agriculture in subsequent years. Rural development was included in the Common Agricultural Policy as of 2000s and the Common Agricultural Policy turned into a two-pillar structure following this period. While the first pillar of the policy covers direct payments made in the agricultural sector, market regulations and export subsidies, the second pillar of the policy is composed of the policies in the field of rural development. 92% of the area of the European Union is defined as rural area, 53% of employment is provided in rural areas and similarly, 45% of added value is created in these regions. For this reason, weight of the policies related to rural development in the Common Agricultural Policy continuously increases.

Rural development policy of the European Union is a policy with four axes. In the first axis, there are policies aimed at improving competitiveness by way of increasing the quality of human resources, physical capacity and agricultural production. There are subjects with regard to the sustainable use of agricultural lands, protection of the environment and climate change in the second axis while the third axis covers subjects such as increasing the quality of life and the diversification of economic activities in rural areas.



The European Union is a community composed of 28 countries. Budget of the Union is a budget which is composed of the contributions made by member countries according to the rules set and which is mutually used. Size of the budget is nearly 150 Billion Euro per year and an important portion of the budget is composed of the deductions made from the gross domestic products of member countries. Another important source of income for the budget is the money transferred by member countries from the collected added value taxes to the budget of the Union.

Nearly 40% of the budget of the European Union, that is, 60 Billion Euro thereof, is used in the financing of the Common Agricultural Policy and rural development policies. 14 billion Euro of the agricultural budget, that is 24% thereof, is used for rural development support schemes. Although the subject of rural development was included in the scope of the Common Agricultural Policies of the European Union in 2000s, the resources allocated from the budget to this end have continuously increased. However, it is necessary to say that each country within the European Union does not receive an equal amount from the rural development budget. Germany, Italy, France and Poland are the countries which receive the highest level of share from the rural development budget.

The European Union identified the policies that it would implement between 2014 and 2020 by making significant reforms in the Common Agricultural Policy. Subjects such as improving competitiveness of the agricultural sector, the sustainable management of natural resources and the elimination of regional disparities by creating employment in rural areas form the basis of the new policy.

As Turkey is also a candidate country for the European Union, it closely follows the agricultural and rural development policies of the Union and makes structural and legal changes required for harmonizing with them. The IPARD Programme and the Agriculture and Rural Development Support Institution which implements this programme are in the center of these activities and bear an important function.

QUESTIONS & ANSWERS AND CONTRIBUTIONS

Ali Recep Nazlı (President of the ARDSI)

An important subject in terms of rural development policies is the definition of rural area. If a policy is created, it is necessary to precisely define the area where this policy will be implemented and its target group. Today, there are many definitions with regard to rural areas. For example, OECD define rural areas by considering the intensity of population living in a certain area. United Nations make a classification by making use of different criteria. For the Republic of Turkey, a classification is made by considering the population sizes of settlement areas. Therefore, the starting point for the rural development policy is the definition of the area where the programme will be implemented.



Another important point to which I would like to draw attention is the difference between direct support schemes and rural development support schemes. In Turkey, our Ministry of Agriculture will make a support payment of 10 billion TL in 2015. The ARDSI will provide a rural development support of 1 Billion TL. The supports provided within the scope of rural development have a superior effect than other agricultural supports and provide more contribution to development. While rural development supports provide economic dynamism, they also create employment and create an investment will in people living in rural areas in terms of social aspects. The main aim of all countries in the world is to reduce immigration from rural areas to cities and to create an environment for people to live in these areas. It is not possible to ensure this through direct support schemes. For this reason, the supports that are provided for the purpose of rural development and provided for projects and investment are much more effective than direct supports.

Another important point in terms of agricultural and rural development support schemes is continuity. As in the European Union, the continuity of policies is attached great importance in Turkey. As previously stated, Turkey is implementing the 10th Five-Year Development Plan now. Each development plan is structured depending on the monitoring and evaluation results of the previous period.

Mofizul Islam (Bangladesh)

I would like to thank you for this nice presentation. The information provided and the achievements of Turkey in the agricultural sector have really impressed me a lot.

I would like to know why Turkey is interested in the support schemes of the European Union with regard to the agricultural sector although Turkey is not a part of the European Union. In other words, what is the effect of the support of the European Union on the agriculture of Turkey?

Hakan ÖZAT (ARDSI)

As previously specified, Turkey is a candidate country for the European Union and within this framework, it makes use of the resources allocated from the European Union for candidate countries. As a matter of fact, these supports are provided not only for the agricultural sector, but also for the other sectors of economy. Turkey receives a support of one billion Euro from the European Union for a period of seven years because of its status as a candidate country. However, this figure is not a high amount for a large and wide country like Turkey. But, the most important achievement out of the accession process is to have the possibility of implementing the system and model of the European Union in Turkey. In other words, as expressed by the esteemed President during his opening speech; a rural development programme which is sound, is in line with the realities of the country and is approved by the European Commission, subsequently, the implementation conducted under the supervision of the European Commission and the fact that an institutions fulfilling the standards of the European Union has been established are the most important contributions provided through the support given by the European Union to Turkey in the accession process. The



strengthening of institutional structure and the creation of such an institution are the achievements of the accession process rather than the monetary aspect of the support. That is why such importance is attached to the workshop. Sharing with and transferring to Islamic countries the experience that has been obtained by Turkey in the field of rural development in the accession process for the European Union in subsequent workshops is the most important aim of these activities.

Dr. Zafar Iqbal Qadir (Pakistan)

First of all, I appreciate the activities carried out by the Republic of Turkey in order to develop rural economies. I would like to know your explanation with regard to a subject; what is the amount of the support provided for the development of animal breeding holdings when compared to the support that you have provided for rural economies? We have been informed that the agricultural export of Turkey is 18 Billion US Dollars, I guess that the most important market of Turkey is European countries. Because, there is a customs union agreement of Turkey with the European Union. Moreover, I would like to draw your attention to a subject here. We are exporting mango produced in Pakistan to the countries of the European Union as we have fulfilled all criteria, but negotiations on this subject for entrance into Turkish market are going on.

Ali Recep Nazlı (President of the ARDSI)

We do not have any information about the subject to which you have drawn attention with regard to mango as it falls under the field of activity of the other units of our Ministry, but we can find out for you.

As expressed, we have an agricultural export of 18 Billion US Dollars. Some of this export is made to European countries, but most of it is made to Russia, Turkic Republics and Islam countries. The Customs Union has some advantages for Turkey, but it also has some disadvantages naturally. The ARDSI has supported 8.000 projects from 2011 up to now. Out of these, 1.800 projects are the projects related to investment in animal breeding holdings. An important part of the support budget is allocated for the supports related to animal breeding. There are 42 Million ovine and 15 Million bovine animals in Turkey. For this reason, supports with regard to animal breeding constitute an important item. However, the ARDSI support not only production, but also the facilities where these products are processed. For example, in the last period during which projects are currently accepted, 81 Million Euro of the budget has been allocated for supporting dairy farming holdings; 40 Million Euro for supporting processing facilities. The ARDSI carried out an impact assessment activity with regard to the projects it has supported up to now. There have been very interesting findings out of this activity. For example, we have seen that people who have not lived in rural areas before have immigrated from cities to rural areas by making investments. 4.100 of the 8.000 projects that we have supported have been conducted by young farmers who are younger than 40. We have found out that 72% of our investors have graduated from university. All these show that when a suitable environment is created, people make investment in rural areas. As you also know, sector of the 21st century is the agricultural sector. For this



reason, both states and private firms make investment in the agricultural sector. The main aim of the ARDSI is to slow down immigration from villages to cities and even, to ensure reverse immigration due to the programme. This point is very important in terms of the relations of Turkey with the European Union. Turkey can provide 874 Million Euro received from the European Union within the scope of this programme from its national budget very easily. As I have stated before, Turkey is a country which has paid a support of 10 billion TL to its farmers only in 2015. However, the importance of this programme is that it has brought a system to Turkey. As you know, standards of the European Union are written and high standards and Turkey is upgrading its agricultural holdings to these standards. A certificate indicating that production is made at standards of the European Union is issued to the holdings supported by the ARDSI and due to this certificate, holding can make export. Within this framework, the importance of the resources that we have provided from the European Union is seen here. Within the framework of the programme, European standards are achieved in both programming and production in fields such as animal health, animal welfare, food safety, human health, environmental protection. At the same time, economically sustainable holdings are supported. Thus, rather than the holdings which produce through a few animals; for example, the establishment of the holdings with at least ten animals in dairy farming and at least thirty animals in fattening is supported.

Hakan ÖZAT (ARDSI)

With regard to the agricultural trade of Turkey; there is an agricultural export of 18 Billion US Dollars and an agricultural import of 18 Billion US Dollars. However, if it is necessary to give more details on the background of these figures; the import of agricultural products in Turkey also covers the products purchased from other countries in order to be processed. For example, Turkey produces 20 Million tons of wheat per year and this production meets consumption. However, at the same time, Turkey imports wheat and exports it by turning it into flour. For this reason, Turkey is among the largest flour exporters in the world now. Another example in relation to this subject is the import of cotton in Turkey. As known, the textile sector of Turkey is very developed. In cases where the production of cotton within the country does not meet the need, import is made and raw materials are provided to the textile sector and in this way, the products which are produced with higher added value can be exported. Within this framework, an important portion of the import of agricultural products is composed of the raw materials which are imported in order to be processed.

Dr. Seyed Mohammed Moussavi (Iran)

I would like to thank you for such an informative presentation and discussions. I will have three short questions. If I have understood correctly, there are some problems in relation to the distribution of the rural development budget of the European Union which amounts to 14 Billion Euro, does Turkey focus on this distribution? If you allow me, I would like to ask three questions together. My second question will be related to the effects of the policies in Turkey. I have



seen that there are very successful rural development activities in Turkey. Are there large disparities among regions in terms of living standards? For example, is there an increase in income per capita in the human development index? My last question will be as follows: What is the level of poverty in Turkey by years?

Hakan ÖZAT (ARDSI)

The budget which amounts to 14 billion Euro as specified in the presentation is the budget that the European Union has used only for member countries. Turkey is not a member of the European Union yet; for this reason, there is no amount allocated from that budget to Turkey. Turkey only receives a support of nearly one billion Euro from the European Union for the purpose of rural development for a period of seven years because of its status as a candidate country.

According to the human development index prepared by the United Nations, Turkey is the 69th among 187 countries and is included within the group of highly-developed countries. National income per capita in Turkey is nearly 12.000 US Dollars right now.

Mofizul Islam (Bangladesh)

As far as I understand, your support schemes with regard to agricultural development are in a way connected with the European Union. Does the Republic of Turkey provide support from its own budget in order to develop the agricultural sector?

Ali Recep Nazlı (President of the ARDSI)

I have emphasized it before, but I think it is necessary to reemphasize it. The agricultural support schemes in Turkey are not only connected with the European Union. This budget that is received from the European Union has a very minor place within all agricultural support schemes of Turkey. Aim of this resource received from the European Union is to strengthen institutional structure and to achieve standards. The holdings established through this support set an example for other holdings in their regions. Turkey provides a support of 10 Billion TL to the agricultural sector each year. For this reason, there is no dependence on the European Union in any way.

Hakan ÖZAT (ARDSI)

The Republic of Turkey already supports the agricultural sector from its national budget. As specified by the Esteemed President a little while ago, a support of approximately five billion US Dollars is given from our national budget per year for agriculture and rural development activities. Within this scope, many support schemes are provided from the national budget to farmers such as fertilizer support, diesel support, premium payments, animal breeding supports. In addition to this, as we are a candidate country for the European Union, the support that we have received in the field of rural development is only 800 Million Euro for a period of seven years. In other words, Turkey only receives a resource of nearly 100 Million Euro per year from the European Union for the purpose of rural development. This figure is a very small amount when compared



to five billion US Dollars that Turkey has allocated from its national budget for agricultural support. This amount which is received from the European Union is a resource used for the purpose of establishing exemplary holdings in the country.

3. ORGANIZATIONAL STRUCTURES OF THE ARDSI AND IPARD IMPLEMENTATION PROCESSES

Expert From The ARDSI
Mehmet Serdar TURHAN

The European Union (EU) created the (Instrument for Pre-Accession Assistance - IPA) within the framework of the Council Regulation numbered 1085/2006 in order to support candidate and potential candidate countries. The instrument for pre-accession assistance (IPA) envisages financial assistance for Turkey, the Former Yugoslav Republic of Macedonia and Croatia which have the status of candidate country in the accession process for the European Union and for potential candidate countries. The main aim of the IPA is to help these countries which are in the process of accession through a single framework in order to strengthen them in the fields of institutional capacity, border cooperation, economic and social development and rural development. The IPA, which is the instrument for pre-accession assistance, supports the candidate and potential candidate countries for the EU as to the effect that they become stable and their infrastructure towards being a full member of the EU by also considering their internal dynamics and national characteristics.

The IPA is composed of 5 main components in order to ensure a coherent and effective restructuring by also taking into consideration the needs and priorities of countries. These are;

1. Transition Assistance and Institution Building
2. Cross-Border Cooperation
3. Regional Development
4. Human Resources Development
5. **Rural Development - (Instrument for Pre-Accession Assistance-Rural Development: IPARD);** supports the preparations aimed at the implementation and management of the Common Agricultural Policy, Rural Development Policy of the European Union and its relevant policies and accordingly, the development of policies. *(the ARDSI is included within the activities of this Component.)*

3.1. Main Objectives of IPARD

The IPARD, which is the fifth component of the IPA, has 2 main objectives. These are;

1. To help the implementation of the Common Agricultural Policies of the EU and the relevant EU legislation and accordingly, to support the adoption of EU standards in subjects such as environment, animal health, plant health and food security,
2. To provide support for the sustainable development of the agricultural sector and rural areas.



These objectives are fulfilled through the implementation of **9** different measures under **3** main axes:

1. **Axis:** The strengthening of market effectiveness and the implementation of EU standards
2. **Axis:** The preparations of the actions and infrastructure required for the implementation of the Agro-Environment Measure
3. **Axis:** Development of Rural Economy

All countries who are candidates for the EU have to prepare a 7 year IPARD Rural Development Programme and to implement this programme through an institutional structure which fulfills the criteria of Accreditation (IPARD Agency).

The IPA Rural Development Programme (IPARD Programme) for Turkey was designed by considering its priorities and needs in the pre-accession period within the rural development context of the country.

3.2. The Content of IPARD Programme

The Rural Development Programmes to be prepared by each country should cover the following elements:

- The definition of the current situation in figures in which differences, deficiencies and development potential are identified, the main outcomes of the previous operations conducted through bi-lateral or multi-lateral assistance, assessments with regard to the financial resources that are used and the current results;
- The definition of the proposed national rural development strategy and the definition of the current training strategy should be presented based on the due diligence analysis of rural areas and the in-depth analysis of the relevant sectors including the examination of independent experts. The national rural development strategy should also include objectives that are expressed in figures by specifying the monitoring and assessment indicators that are suitable for each priority axis.
- Explanations should be included as to how the general strategic approach and the sectoral strategies specified in the multi-annual indicative planning document of the beneficiary country turn into specific actions within the scope of the component of rural development.
- General financial statements which correspond to each rural development action and for each rural development action;
- Definition of the final beneficiaries,
- Geographical coverage as regards implementation,
- Eligibility criteria for beneficiaries,
- Ranking criteria for the selection of projects,
- Monitoring indicators,



- Target indicators which can be expressed in figures;
- Names of the institutions which are responsible for realizing the programme;
- The evaluation results and opinions of the relevant institutions and organizations with regard to the programme
- Results and recommendations of the preliminary evaluation of the programme.

1. The Aim of Establishment, Duties and Responsibilities of the ARDSI

The main aim of rural development has a wide range such as the continuation of the existence of rural areas, the reduction of differences between rural and urban areas, the development of utilizing the potentials of natural resources in an environmentally-friendly manner, increasing the participation and contributions of non-governmental organizations and local administrations, ensuring an integrated sustainable rural life for improving the living standards of rural communities whose economic and social facilities are limited when compared to urban communities and which essentially provide most of their revenues from agriculture and agriculture-based activities.

In line with the “Law on the Establishment and Duties of the Agriculture and Rural Development Support Institution” numbered 5648 as ratified on 4 May 2007, the Agriculture and Rural Development Support Institution was established and started its activities in order to carry out the activities aimed at implementing “Rural Development” programmes in a way to cover the resources provided from the European Union and international organizations within the framework of the principles and objectives envisaged in the national development plans, programmes and strategies. The institution started implementing the IPARD Programme, which was approved by the European Commission on 25 February 2008, through the conferral (*accreditation*) received on 29 August 2011. The programme in question was put into practice in order to support our producers, private sector and potential investors that perform activities in the agricultural sector and in rural areas and EU grant funds were started to be provided to our people living in rural areas, farmers, producer associations and the firms which perform activities in the agricultural sector in return for projects and in accordance with their contracts.

Duties and responsibilities of the Agriculture and Rural Development Support Institution:

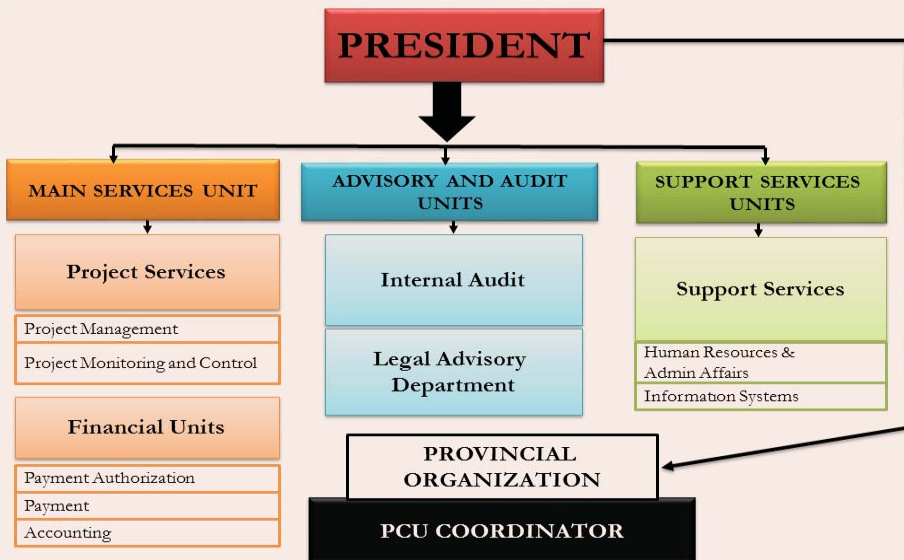
- To issue Calls for Project Applications and to announce eligibility terms and conditions;
- To control and select projects which will be supported in line with the criteria and mechanisms in relation to Rural Development Programmes and with the relevant rules at EU and national level;
- To control the eligibility of projects with application and eligibility criteria and, in cases where it is deemed necessary, with Agreements including the provisions with regard to public procurement for the approval of projects;



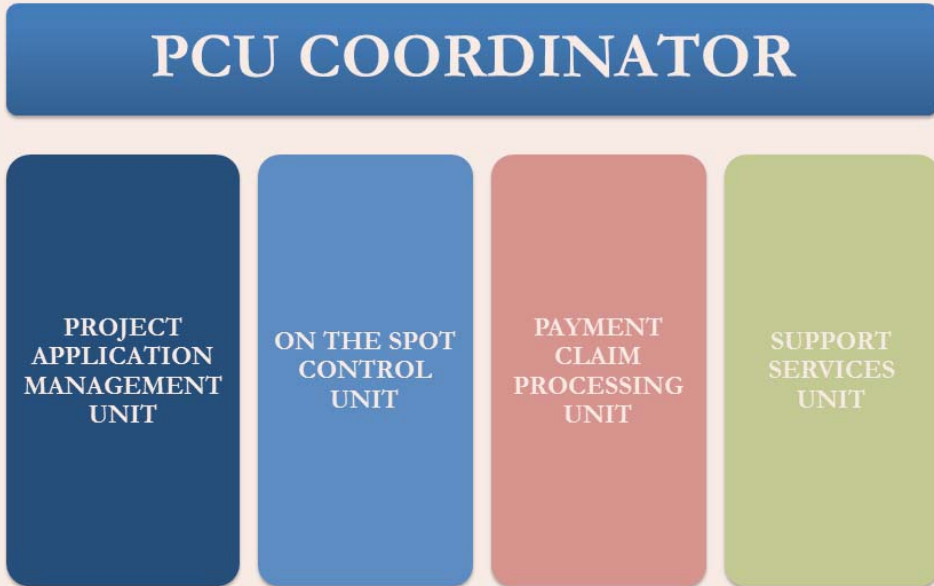
- (d) To specify in writing the information in relation to the contractual obligations between the Agriculture and Rural Development Support Institution and final beneficiaries and the sanctions to be imposed in cases where these obligations are not fulfilled and, in cases where it is deemed necessary, the subjects of issuing a permit-to-work;
- (e) To regulated the implementation of grant schemes and to conclude contracts;
- (f) To make authorizations and payments for final beneficiaries within the scope of the projects supported, to carry out accounting procedures in line with international norms;
- (g) To carry out audits before and after the approval of the project in order to ensure the eligibility of the project with application conditions;
- (h) To perform controls required for ensuring that the declared expenditures are made within valid rules, that products or services are delivered in line with the decision of approval and that the payment claims of the final beneficiary are accurate. (These controls cover the appropriate administrative, financial, technical and physical aspects of proceedings)
- (i) To monitor the projects whose payment is realized and which is implemented for a period of 5 years
- (j) To report progress in the measures that are applied within the framework of indicators.

3.3. The Organizational Structure of the ARDSI

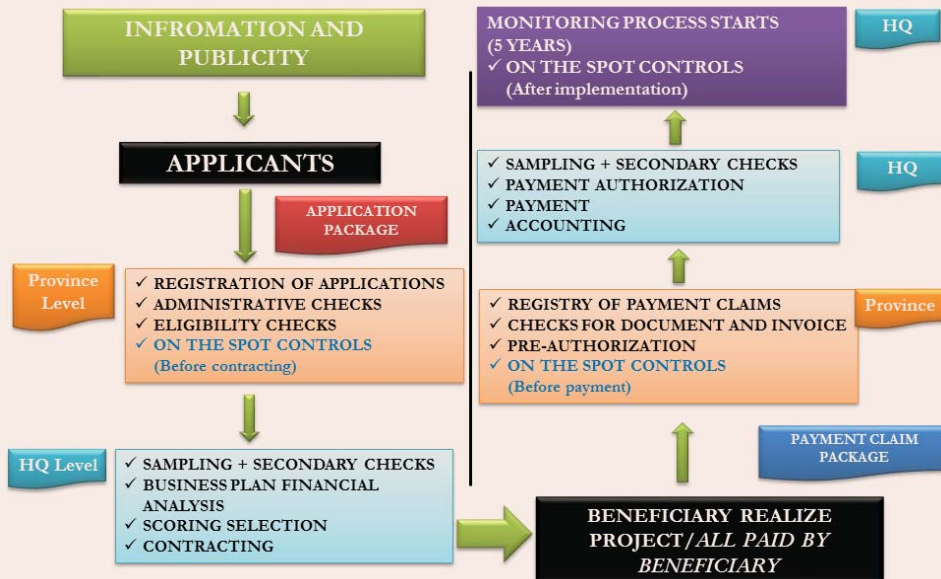
A. THE ORGANIZATIONAL STRUCTURE OF THE ARDSI HEADQUARTERS



B. THE ORGANIZATIONAL STRUCTURE OF PROVINCIAL COORDINATION UNITS (42 PROVINCIAL COORDINATION UNITS)



C. IMPLEMENTATION PROCESSES



3.4. Aim and Objectives of IPARD Programme

The main aim of the Rural Development (IPARD) Programme which was approved on 25 February 2008 is to contribute to the implementation of the legislation with regard to the Common Agricultural Policy of the EU and to achieving some priorities for the adaptation of the agricultural sector and rural areas in a sustainable way in candidate countries and to the solution of problems. The ARDSI aims to build capacity for ensuring sustainable development and aims to upgrade holdings to EU standards by considering the priorities and needs of Turkey in the pre-accession period to the EU.

General Objectives of the IPARD Programme:

To carry out preparatory activities for contributing to the sustainable modernization of the agricultural sector,

- Encouraging the achievement of EU standards in relation to food security, veterinary services, plant health, environment and other standards,
- Contributing to the sustainable development of rural areas,
- Carrying out preparatory activities for the implementation of local rural development strategies and agro-environment measures.

3.4.1. Target Areas of the IPARD Programme

Rural areas in Turkey (according to the classification of the OECD) are defined in 3 categories including “completely rural”, “predominantly rural” and “moderately or significantly rural” areas. The reason for preferring the OECD classification is the fact that it provides the opportunity of comparing Turkey with other countries within international context. Moreover, it allows for the analysis of rural areas in line with revenue and immigration statistics. In the selection of the areas targeted for the IPARD support, in addition to the use of the OECD definition, through a more developed approach, it is envisaged that IPARD interventions will be made in the settlement areas whose population is less than 20.000. Within this framework, it is ensured that rural and urban areas are separated within the same province. 42 provinces which are supported within the scope of the IPARD Programme have been defined as Amasya, Afyonkarahisar, Balıkesir, Çorum, Diyarbakır, Erzurum, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Van ve Yozgat, Ağrı, Aksaray, Ankara, Ardahan, Aydın, Burdur, Bursa, Çanakkale, Çankırı, Denizli, Elazığ, Erzincan, Giresun, Karaman, Kastamonu, Kütahya, Manisa, Mardin, Mersin, Muş, Nevşehir and Uşak, respectively.



3.4.2. Sectors Supported Within the Scope of IPARD Funds

1. Within the scope of the measure of “Investments in Agricultural Holdings to Restructure and to Upgrade to Community Standards”; supporting milk-producing agricultural holdings and meat-producing agricultural holdings,
2. Within the scope of the measure of “Investments in the Processing and Marketing of Agriculture and Fishery Products to Restructure Those Activities and to Upgrade Them to Community Standards”; supporting the processing and marketing of milk and dairy products, the processing and marketing of meat and meat products, the processing and marketing of fruits and vegetables, the processing and marketing of fishery products,
3. “Supporting the formation of Producer Groups”,
4. Within the scope of the measure of “Diversification and Development of Rural Economic Activities”; it is aimed that the diversification and development of farming activities, the economic development of local products and micro-enterprises, the development of rural tourism and the development of aquaculture be supported.

In a nutshell, the IPARD support *focuses on four sectors* (milk, red meat and white meat, fishery and fruit-vegetable) in which harmonization with the EU legislation is most needed and practices towards the parts of sectors where food chain is the weakest are included. In terms of environment, aim of the IPARD is to realize activities aimed at preparation for the agro-environment measure at pilot level due to the complex structure of agro-environment practices. On the other hand, within the scope of the measures of the Axis 1, environmental subjects such as the storage of animal fertilizer, waste and waste water management, energy saving and modern irrigation systems are handled at an important level. In terms of *local development*, it is aimed to develop local rural development strategies for capacity building and to create Local Action Groups to be formed based on the quality of the strategies in question. Within the scope of the *development of rural economy*, the development of micro-enterprises in relation to in-farm and out-farm activities, local products and traditional handicrafts in the sectors including beekeeping, medicinal and aromatic plants and ornamental plants in rural areas, rural tourism and aquaculture (breeding of fishery products) are handled. Within the scope of the IPARD Funds, grant supports are provided in the following sub-measures/sectors in broader terms.

1. Milk-Producing Agricultural Holdings
2. Meat-Producing Agricultural Holdings
3. Processing and Marketing of Milk and Dairy Products
4. Processing and Marketing of Meat and Meat Products
5. Processing and Marketing of Fruits and Vegetables
6. Processing and Marketing of Fishery Products



7. Diversification and Development of Farming Activities (Beekeeping, Ornamental Plants, Medicinal Aromatic Plants)
8. Development of Local Products and Micro-Enterprises
9. Rural Tourism
10. Development of Aquaculture

Aid intensity: An aid intensity of 50% to 65% will be provided for investments aimed at Milk and Meat-producing holdings, 50% for investments aimed at the processing and marketing of Dairy and Meat products, the processing and marketing of fruits-vegetables and the marketing and processing of fishery products. In addition to this; **within the scope of the “Diversification and Development of Rural Economic Activities”;** an aid intensity of 50% will be provided for activities in relation to beekeeping, greenhousing, the processing and packaging of medicinal and aromatic plants; for the investments aimed at local products, handicrafts, rural tourism and aquaculture. Moreover, the establishment of producer groups will be encouraged in order to develop the level of insufficient organization listed among structural problems in agriculture and their establishment expenditures will also be met.

Expenditures Which are Eligible for Support within the scope of the IPARD:

Procurement of machinery-equipment, works, procurement of service (general expenditures) and visibility expenditures are eligible expenditures which will form the basis for the determination of the amount of support.

Expenditures Which are Ineligible for Support within the scope of the IPARD:

- (a) All Taxes
- (b) The purchasing and renting of land and existing buildings irrespective of the ownership being transferred to tenants
- (c) Fines, financial fines and court expenses;
- (d) Operational expenses;
- (e) Second-hand machinery and equipment;
- (f) Bank fees, expenses of guarantee and similar fees;
- (g) Other sole financial expenditures as well as any and all currency exchange expenses, fees and exchange losses with regard to the IPARD Euro account;
- (h) Contributions in-kind;
- (i) The purchasing of agricultural production rights, animals, plants and the cultivation thereof;
- (j) Maintenance, depreciation and rent expenditures;
- (k) The costs borne by the public administration for the management and implementation of the aid, that is, the costs with regard to the Programme Authority and in particular, general expenditures, rent expenditures and the wages of personnel employed in management, implementation, monitoring and control activities.



3.4.3. The Measure of Investments in Agricultural Holdings to Restructure and to Upgrade to Community Standards

Aims of this measure are;

- By way of contributing to the sustainable harmony of the agricultural sector and rural areas and by increasing market effectiveness,
- Contributing to the preparedness of Turkey with regard to the implementation of the legislation related to the Common Agricultural Policy and the other relevant policies and the relevant acquis in the process of accession to the EU,
- Supporting agricultural holdings,
 - a. To develop their sustainability and their general performance in the production of primary agricultural products,
 - b. To upgrade them to the relevant EU standards and to make good agricultural practices wide-spread,
 - c. To contribute to the prevention of regional rural development disparities and of immigration in existing underdeveloped areas.

This measure is composed of two sub-measures:

- Investment in milk-producing agricultural holdings
- Investment in meat-producing agricultural holdings

50% of the eligible expenditure amount specified by the beneficiary will be composed of **the Public Contribution** (the Contribution of the EU and the Republic of Turkey), **the remaining 50%** will be composed of **the contribution of the Applicant**. In other words, support is provided for 50% of eligible expenditures. However, in following cases, the rates of the Public Contribution will increase, therefore, the contribution of the applicant decreases accordingly.

- For investments in agricultural holdings which are owned by young farmers and whose applicant (himself/herself in the event that it is a real person; in case of legal personalities, the person who is authorized to represent and bind the legal personality) is younger than 40 on the date when the application is submitted, the Public Contribution has been determined as 55%, the contribution of the Applicant as 45%,
- For investments in agricultural holdings in mountainous areas, the Public Contribution has been determined as 60%, the contribution of the Applicant as 40%
- For investments in agricultural holdings in mountainous areas which are owned by young farmers (himself/herself in the event that it is a real person; in case of legal personalities, the person who is authorized to represent and bind the legal personality) are younger than 40 on the date when the application is submitted, the Public Contribution has been determined as 65%, the contribution of the Applicant as 35%.



3.4.4. The Measure of Investments in the Processing and Marketing of Agriculture and Fishery Products to Restructure Those Activities and to Upgrade Them to Community Standards

Aims of this measure are;

- By way of contributing to the preparation of Turkey for the implementation of the Common Agricultural Policy and the other relevant policies and the relevant acquis in the process of accession to the EU;
- Contributing to the sustainable harmony of food-processing sector, ensuring that it is easier for them to be competitive in the internal market by creating new market opportunities for agricultural products by way of presenting new technologies, innovations and attaching importance to the Community standards,

Supporting food-processing industry;

- To upgrade them to the relevant Community Standards,
- To develop total performance and competitiveness in the processing and marketing of agricultural and fishery products,
- To contribute to the correction of regional rural development disparities while creating employment opportunities in underdeveloped regions.

This measure is composed of four sub-measures:

1. Processing and Marketing of Milk and Dairy Products
2. Processing and Marketing of Meat and Meat Products
3. Processing and Marketing of Fruits and Vegetables
4. Processing and Marketing of Fishery Products

3.4.5. Diversification and Development of rural economic activities

Aims of this measure are;

- Contributing to the preparation process of Turkey with regard to the implementation of the acquis related to the Common Agricultural Policy and the other relevant policies in the process of accession to the EU.
- Creating new employment opportunities and protecting existing employment opportunities by way of developing business activities, accordingly,



contributing to increasing the economic activity levels of rural areas and to the prevention of reduction in rural population.

- Contributing to the elimination of regional rural development disparities.

This measure is composed of four sub-measures:

1. Diversification and Development of Farming Activities
2. Development of Local Products and Micro-Enterprises
3. Development of Rural Tourism
4. Development of Aquaculture

50% of the eligible expenditure amount specified by the beneficiary will be composed of **the Public Contribution** (the Contribution of the EU and the Republic of Turkey), **the remaining 50%** will be composed of **the Contribution of the Applicant**. In other words, support is provided for 50% of eligible expenditures.

QUESTIONS & ANSWERS AND CONTRIBUTIONS

Malaysia: *Do politicians have attempts and demands in the determination of project holders in the practices of the ARDSI? How do you manage this?*

Mehmet Turhan: At our institution, there are no political demands and attempts at the stage of determining projects for support. All of our rules with regard to the selection of projects are written and quite stringent as we are subject to accreditation. For this reason, we are supporting the projects which really need to be supported. Each proceeding that is carried out is controlled by a second expert. A project goes through the control of more than 20 experts. For this reason, these sorts of political demands are not made.

Mr. Ali Recep Nazlı: I referred to this before. This is the basis of the accreditation. As the rules and the steps of proceedings are written, we do not face any pressure. No external factor affects us. While the accreditation is difficult, its ease occurs here. We can receive a sufficient number of projects. Well-prepared projects do not exceed our budget. In Turkey, it is not possible to support the facilities which are not financially-economically sustainable. The accreditation is very important. As the process of accreditation is at international standards, audits with regard to it are carried out by both the EU and the other independent audit institutions which are accepted by the world.

Bangladesh: *Who are entrepreneurs? Who is responsible for Quality Management?*

Mr. Ali Recep Nazlı: Our entrepreneurs within the scope of the IPARD are private legal persons that are not public institutions. Public institutions are not covered by



the support. In other words, farmers and holding owners are our entrepreneurs. It is very important that the public sector is not covered by the support. Public support is provided by us in terms of infrastructure.

In terms of the Quality Management system, the entire Institution is responsible for quality management. Each step of institutional proceedings is recorded, written and has to comply with the written rules. These are subject to audits and controls. The first of the audits at 2 different levels is our Undersecretariat of Treasury which performs audits at national level and the second one is EU audit bodies. Therefore, our institution is subject to a quality management system arising out of accreditation.

Iran: *I have a question that is related to all of us. As D-8 countries, we are at the stage of development. Turkey has a different status such as candidacy for the EU. My question is as follows: how can you help us in terms of rural development subjects?*

Mr. Ali Recep Nazlı: Turkey is also a member of D-8 and SESRIC. Our difference is that we are a candidate country for the EU. As of our geopolitical position, we are also a member of the NATO and we are a candidate country for the EU. How will we transfer this experience? We have made analyses with regard to this subject. We can help you with regard to the subjects of establishing a system and creating a programme. Secondly, we believe that you can build capacity in certain sectors depending on the needs of your own countries. If you wish and if it is appropriate for the perspective of your country, we can voluntarily help you in terms of the subjects which correspond to us in terms of the needs of your own country.

Who is responsible for the mechanism of determining a fair price?

Mr. Ali Recep Nazlı: Our institution engages in activities in the field of the IPARD Programme and rural development. On the other hand, we have the Ministry of Food, Agriculture and Livestock. The ARDSI is the relevant institution of our Ministry. Our ministry determines policies and strategies in the fields of agriculture and rural development and is also responsible for subjects such as marketing including price, access to products and supply chain.

Bangladesh: *EU standards are prominent at your institution and this has a positive effect on export. We can work together in terms of the processing of agricultural products.*

Mr. Ali Recep Nazlı: The ARDSI is the unit for implementing the policies and strategies of rural development. In other words, the ARDSI is implementing the strategy identified by the Ministry in the field. Primary production can be made in any area, but secondary processing is also very important and even, the subject of marketing which is the 3rd step has a very important place.



4. PROJECT PREPARATION, PROJECT EVALUATION, PROJECT CYCLE MANAGEMENT AND THE EVALUATION OF BUSINESS PLAN

Expert from the ARDSI
Ahmet YAZAR

PREPARATION AND ASSESSMENT OF PROJECTS AND PROJECT CYCLE MANAGEMENT

Distinguished participants

With regard to the projects presented for the supports provided by the ARDSI; a process composed of four steps up to the conclusion of the grant contract takes place. These are preparations made before an application, the submission of application, the assessment thereof by the ARDSI and the business plan and economic analysis of the project, respectively.

As specified before, the supports provided by the ARDSI are the supports with the purpose of investment. These contain investments aimed at animal production, processing and marketing facilities and invigorating rural economy.

Primarily, the process starts with the creation of an investment idea in the beneficiary. The second step that the investor will take in order to realize this idea is the preliminary feasibility activity. The first subject that the investor will take into account within this scope is that s/he conducts a market research by considering matters such as the Market status of the products to be produced and the chance of a new holding to have its place in this market. During the preliminary feasibility activity, the beneficiary secondly makes a preliminary financial analysis by considering the financing resource required in order to realize the investment, in other words, the state of equity, credit facilities, the possibilities of using grant and the state of profitability of the investment that s/he will make. The investor decides on the investment by taking into consideration the results of the aforementioned preliminary feasibility and preliminary financial analysis.

After the investor who would like to receive grant support from the Agriculture and Rural Development Support Institution takes a decision of investment, what s/he needs to do is to prepare an application package. As any and all studies and documents with regard to the investment are included in the application package to be prepared for the institution and as an investor who has prepared such a package will indeed have prepared everything with regard to his/her investment, in the event that s/he has sufficient equity, s/he will be ready to make an investment without receiving any grant support.

An investor who decides to receive grant support from the Agriculture and Rural Development Support Institution in relation to his/her investment can have access to all documents and guidelines as regards his/her application from the internet page of the Institution. In this internet page, there are call for application guidelines and brochures which are prepared for investors and explain what needs to be done with regard to a grant application as well as guidelines in relation to specific subjects such as the preparation of a business plan and the preparation of technical project. Apart from these, this address can be used in order to have access to the sample templates in relation to the documents to be used during a grant application.



Potential investors can prepare their applications by themselves by making use of these resources or, if they wish to do so, through project advisors.

An application package to be prepared for receiving grant support from the Agriculture and Rural Development Support Institution is composed of three main sections and the documents to be included therein are as follows:

A. Application Form and its Annexes

- Letters of undertaking
- Official documents
- Detailed lists with regard to expenditures
- Selected and non-selected offers
- Technical drawings

B. Business plan

C. Technical project

In accordance with the project application system of the Agriculture and Rural Development Support Institution, the application form is a summary form which is indeed filled in at the last stage after all preparation in relation to the project are completed and in which the summary information of the project is reflected. Investors fill in their application forms through an online system which has been prepared by the Agriculture and Rural Development Support Institution.

After investors fill in the requested information in this system, the system gives a print-out summary containing the information which they have entered into the system. An investor has to submit some documents attached to the application form. These documents are: the letters of undertaking that contain undertakings of an investor against the institution with regard to the application, official documents which will be obtained from other institutions and are compulsory for making the investment, the detailed lists of the machinery to be procured within the scope of the investment and the relevant construction works and the offers received from suppliers as a basis for these expenditures, the technical drawings prepared with regard to the project. As can be seen from these documents, the requested documents are solely the documents aimed at making an investment and an applicant who has prepared them is deemed to have decided to make an investment. The number of persons who will renounce from investment after they prepare all these documents will be very limited. Because, after all these preparations are completed, the only thing that the investor will need will be to find the financing resource required for realizing his/her investment.

Another document in the application package is the business plan. The business plan is the document in which the investor describes himself/herself, the products that s/he will produce and the inputs that s/he will use. In other words, the business plan is the documents which the investor predicates his ideas with regard to the investment on realistic bases and put on paper. In the business plan, the investor shows the revenues and expenses that s/he has envisaged with regard to his/her investment in the form of summary financial statements at the same time.



The last document included in the application package is the technical project. The investor puts forth the harmony of the machinery that s/he plans to purchase and the constructions s/he will make within the scope of the investment with the project capacities in his/her technical project. The main aim of preparing a technical project is to prevent the selection of machinery with wrong capacity or the completing of constructions which are not suitable for the project before the project is implemented.

The aforementioned processes are the processes with regard to an investor's preparing his/her project and submitting it to the Agriculture and Rural Development Support Institution. Following this phase, the phase of the Agriculture and Rural Development Support Institution with regard to the examination and assessment of the submitted projects starts.

After an investor prepares his/her application package within the framework of the aforementioned rules, s/he delivers it to the Provincial Coordination Units of the Agriculture and Rural Development Support Institution.

The project which are received by the Provincial Coordination Units of the Agriculture and Rural Development Support Institution are subjected to certain controls and assessments. Within this scope, first of all, administrative controls are carried out on projects. Administrative controls are the completeness checks of a project application package and it is checked whether or not all requested documents have been delivered.

The subsequent stage is the stage of eligibility checks. In this stage, it is checked whether or not the project and investor have met the criteria in relation to the support. Within this framework, it is examined whether or not the investor is eligible for receiving support by considering the criteria included in the IPARD Programme. Checks as to whether or not the offers that the investor has used for pricing his/her project and the machinery and equipment that s/he has included in his/her project and the costs for which s/he has requested support comply with market prices are also performed in this stage. Eligibility checks make up the most detailed and time-consuming checks of the project assessment process.

Another check performed on application packages is the technical analyses of the project. This control is also performed at the level of Provincial Coordination Unit as in previous checks. Matters such as the harmony of the machinery to be purchased within the scope of the investment, their states of eligibility in terms of the capacity of the facility to be constructed, the sufficiency of the sizes of the buildings to be constructed in terms of the needs of the investment and the limits specified in the programme are checked in the stage of technical analysis.

The last control stage to be carried out in the period before investment at the level of Provincial Coordination Unit is on-the-spot control proceedings. Within the scope of these controls; controls as to whether or not the investment has been initiated and the information that the applicant has provided with regard to the place of investment in his/her application is correct.

After the aforementioned controls at the level of Provincial Coordination Unit with regard to the application are completed, the projects which are deemed to be eligible



are sent to the headquarters of the Institution. In the headquarters of the Institution, first of all, the financial analyses of projects are carried out. Financial analyses are one of the important control stages. Because, these analyses show the profitability and sustainability of the projects which will be supported. The projects which are not found to be sustainable are not included in the scope of support.

In the last stage of the proceedings performed in the headquarters of the Institution, the ranking of the projects which are deemed to be eligible is conducted. As the support budget is limited, it is not possible to support all projects which are deemed to be eligible. For this reason, projects are ranked according to the ranking criteria defined in the IPARD Programme and the scores that they have received as a result of the financial analysis and the projects with the highest scores are supported.

The projects which complete all these stages and receive a high score are announced and a contract is signed between the investors of these projects and the Institution. A grant contract regulates the relations between an investor and the Institution as a legal text.

In terms of project examinations, the profitability and sustainability analyses of business plans are one of the important control stages. Applicants explain both orally and through financial statements that their projects are profitable and economically sustainable in their business plans. The Agriculture and Rural Development Support Institution present two different formats of business plan for applicants. One of them is “B-1 Business Plan” which is used for investments whose expenditure amount is less than 500.000 TL and is relatively simple, the other one is “B-2 Business Plan” which is used for investments whose expenditure amount is higher than 500.000 TL and is comprehensive.

In business plans, applicants provide information with regard to the experience and professional background of investors, information with regard to the content of investment, information such as the financing resources of investment, the production and marketing strategy of investment. In addition, there are financial statements with regard to the revenues and expenses envisaged for the next 10 years of the investment in business plans. Investors prove through these financial statements that their investments are profitable and sustainable.

The analysis performed by the Agriculture and Rural Development Support Institution in terms of the assessment of business plans is an analysis which is performed over 100 points in total. The projects whose business plan points are high are strong projects in terms of sustainability. During the assessment of business plans, first of all, a two-phase financial assessment of the project is carried out. In the first phase of the financial assessment, the financial data of the investor in the previous periods is examined. In the second phase, a financial assessment is carried out with regard to the investment. Within this framework, the profitability, sustainability of the project and its sensitivity against changes in the market are examined. In addition to these, within the scope of the analysis of business plan, the management and technical capacity and marketing capacity of the investor are also analyzed. As a result of all these analyses, the project which receive at least 40 points from the examination of business plan and are also determined as profitable and financially sustainable are entitled to receive support.



In this stage, proving the profitability of the project is of importance. Another point is the fact that the investment is sustainable in terms of financial aspects.

The projects which successfully go through all these assessments are subjected to ranking. As the Agriculture and Rural Development Support Institution provide support within the scope of the IPARD Programme, in the stage of ranking Projects, first of all, the ranking criteria defined for each measure and sub-measure in the IPARD Programme are taken into account. These criteria are criteria such as an investor's being young, female, engaging in organic farming and being a member of a producer association. An assessment is conducted according to these criteria, an IPARD Programme score is created for each eligible project and ranking is performed. The projects whose IPARD ranking score is high are primarily supported. In the event that two projects have the same IPARD Programme score, the points that the project have received from the assessment of business plan are taken into consideration and the projects whose business plan score is high are supported. Finally, out of the projects whose business plan scores are equal, those whose application has been made earlier are primarily supported.



When the aforementioned process is considered as a project cycle as a whole from the perspective of an investor; as specified before, the process starts when the investor has an idea. Then, the investor defines the applicability of his/her idea by performing a preliminary feasibility and preliminary financial analysis. In the subsequent stage, the investor prepares an application package by concretizing his/her project. Within the scope of the application package, business plan, drawings, necessary documents and technical project are prepared. After all these are completed, the investor makes a support application for his/her project. After the project is approved, the next stage is implementation. In the stage of implementation, the investor performs procurements, completes constructions within the scope of his/her project and puts his/her enterprise into operation. Thereafter, the process of monitoring and assessing the project starts. According to the results of the monitoring and assessment process, investors can decide to prepare a new project and to reapply for support.

QUESTIONS & ANSWERS AND CONTRIBUTIONS

Mofidus İslam (Bangladesh)

I would like to thank you for this nice presentation. It has been a very understandable presentation. My first question is as follows: do the beneficiaries who fail to meet the criteria apply pressure from anywhere in order to be able to make use of the supports? If any pressure is present, how does the Institution prevent it? My second question is as follows: If there is a loan, how are interests determined?

Ahmet YAZAR (ARDSI)

The supports provided by the ARDSI are not loans, but supports which are not repaid and have the quality of a grant at the rates up to 50-65% of the investment. Therefore, as no loan is present, there is no repayment. However, the ARDSI monitor the projects that it has supported for a period of five years. The investor has to sustain his/her project during the period of monitoring. If there are projects which are not sustained in any way or assigned to another person, a reclaim procedure is performed.

Hakan ÖZAT (ARDSI)

It is not possible for an applicant who fails to meet the conditions of application to receive grant from the ARDSI. As specified before, the criteria that applicants have to meet are defined in the programme in a clear way and all of them are the criteria which have to be proven through an official document.

Mofidus İslam (Bangladesh)

Thank you, but this case may happen in our country from time to time. As there is no repayment for such supports, persons may want to apply pressure. For this reason, I have asked the question. It is certain that there is no such case in your system, isn't it? I guess I have understood correctly.

Hakan ÖZAT (ARDSI)

Yes, it is certainly understood correctly. Our system has some insurances in order to ensure that ineligible persons cannot receive any support. One of them is the aforementioned checks. Another one is the fact that a high number of personnel are assigned in the project acceptance and control stages. Thus, in the event that an expert makes a mistake, another expert can detect this mistake in the subsequent stage. Another guarantee of the system is the audits that the European Commission and independent audit institutions perform on the



projects supported by being deemed eligible by the ARDSI. If it is found out as a result of these audits that the project of an ineligible person has been supported by the ARDSI, the ARDSI may be punished or, if necessary, it is possible to reclaim the money given to the beneficiary.

Malaysia

Indeed, I would like to make a comment rather than asking a question. We are implementing a similar rural development programme in Malaysia. In our programme, applications are only open to persons who are younger than 40, because our aim is to ensure that young people come to rural areas and make investments. There are two categories under this programme. While it is aimed to support those who currently have a holding in rural areas and want to develop them in the first category, it is aimed to support the persons who do not have any holding in the second category. Up to now, this programme has been successfully implemented.

Ahmet YAZAR (ARDSI)

Thank you for your contributions and the information you have provided. Which areas the ARDSI will provide support has been clearly specified in the programme. For this reason, it is not possible to support an idea which is not included in the programme. However, there are some national supports provided within this scope. Some priorities have been defined in the IPARD Programme in order to keep young people in rural areas. Within the framework of the IPARD ranking criteria which have been previously explained, additional points are given for the applications of young farmers and women and these projects are made more advantageous when compared to others. Moreover, an additional grant support of 5% is also given for young farmers in the investments of animal breeding.

Mofidus İslam (Bangladesh)

I will have a very short question. Now that you are providing grant support, how do you provide the resource required therefor? Are funds coming from the government or other sources?

Ahmet YAZAR (ARDSI)

Grant supports are provided by the ARDSI within the scope of the IPARD Programme. 75% of the fund allocated for the Programme is covered by the European Union while 25% thereof is covered from the budget of the Republic of Turkey.



5. PROCEEDINGS OF ON-THE-SPOT CONTROL AND PAYMENT AUTHORIZATION

Experts From The ARDSI
İlhan DEMİRKAN-Davut KÖKSAL

5.1. Before Contracting On-the-Spot Controls

In addition to the administrative controls performed by the Agriculture and Rural Development Support Institution, field visits which are called on-the-spot control are also performed. These three stages which are composed of before contracting, before payment and ex-post on-the-spot controls have different aims and different data verified within the scope of control.

Following a detailed office work composed of the assessment of the application form, business plan and technical project which are submitted within the scope of an application package, an on-the-spot control is performed. These controls are the eye of the Institution in the field and in addition to the information checked in the office, the land on which the investment will be realized, the current situation and the feasibility of the relevant investment are also verified.

On-the-spot controls are composed of three periods including before contracting, before payment and ex-post. Aim of the before contracting on-the-spot controls is to perform the technical project analysis of the applicant and to check the feasibility and eligibility of the investment, to perform an on-the-spot verification of the information and documents that s/he has presented in the application package and to perform an on-the-spot control of the current situation before the possible commencement of the project. The Technical project file which is an annex of the application package and includes the information proving the feasibility of the investment in terms of technical aspects, technical drawings such as architectural project, static project, electricity installation project and machinery-equipment layout plans and supporting documents is assessed by on-the-spot control experts in the office work before the field visit and the feasibility of the investment, the technical compliance of the selected machinery-equipment with the capacity, work flows and the compliance of structures are checked. The office work is finalized when the tools and equipment to be used in the field are prepared after the relevant preparations are performed in the check-list which contains matters to be checked during the on-the-spot control and supporting documents are reviewed.

When on-the-spot control is performed, the control of the current situation is carried out. In before contracting controls, the investment should not be initiated in any way, no machinery-equipment should be purchased and constructions works should be initiated. If the investment is a new enterprise, it is aimed to see the current situation and check of the empty investment land; if it is a modernization project, its parts to be modernized should be seen and checked before the commencement of the investment.



Within the scope of the technical project analysis; a deduction can be made over the machinery-equipment or construction works which are requested within the scope of eligible expenditures as a result of the architectural drawings and the equipment layout plan that are examined and the compliance of their capacities; if deemed necessary, a procurement can be requested through an additional letter of undertaking for the items which are not included in the investment.

In before contracting controls, the GPS coordinates included in the application package are measured and verified through GPS in the address of investment. It is checked whether or not the address in which the investment will be realized is the address specified in the application package, photos are taken from different angles and written in the check-list and an audit trail is created for being a reference for the subsequent control stages. Thus, during before payment and ex-post controls, the current investment land and the changes that are made can be followed more easily before the investment is initiated. In modernization projects, the same and/or similar machinery-equipment and construction works which are existing in the current enterprise and requested from our Institution within the scope of eligible expenditures are defined as risky assets. In on-the-spot control, the brand, model and technical features of the relevant assets are checked and recorded by taking photos and videos. As no support is provided for purchasing second-hand machinery-equipment, this control is an important control in order to ensure a more cautious control with regard to the relevant items during before payment on-the-spot controls. Finally, project environs is checked and it is checked whether it is close to the elements which may create negative conditions such as waste storage, stable and so on or whether or not there are elements which may threaten the functionality of the investment; in the event of negative cases, it is ensured that a warning is made in before contracting stage in the enterprises which are aimed to be upgraded to EU standards and that the applicant takes measures.

5.2. Before Payment On-the-Spot Controls and Administrative Controls (Payment Authorization Proceedings)

The before contracting stage starts with the process following the conclusion of the contract. After the contract is concluded, the applicant officially becomes a beneficiary and implementation is initiated.

In before payment on-the-spot controls, all stages of the work are controlled. The aim of this is to make an on-site control of the contract in general terms and the accuracy of the information that the beneficiary has declared in the application file which is called the payment claim package. It is checked whether or not the beneficiary has fulfilled the provisions of the contract and his/her contractual obligations in the stage of implementation before the payment is made. Depending on the financial status of the beneficiary or time limit, it can be requested that payment be made in a few installments and the number of on-the-spot controls is staged according to the number of installments.

On-the-spot control is composed of two stages including the office and field work. The technical projects, bills of quantities which are delivered by the beneficiary



in detail and the other documents which are declared within the project file are controlled in the office work. The field work starts with the verification of the field through GPS. Implementation of the project is a very long process which can take not only one day or one week, but also 3 to 6 months from time to time and controls continue during the investment. If the investment contains a construction work, all stages starting from excavation and filling works from the start to its foundation and roof are controlled. During this process, constant communication is established with the beneficiary and controls are performed as the beneficiary informs the Institution before certain stages which are notified to the beneficiary in the contract and all productions are examined in the on-the-spot control in a very detailed way. After the investment is completed, it quickly becomes operational at high standards in our projects. If a construction work or the procurement of machinery-equipment is the case, it is checked whether or not undertakings have been fulfilled including all details and whether or not the information specified in the contract has been realized. Very detailed controls are performed as regards the brand, serial number and technical features of machinery-equipment and as to whether or not it is second-hand. It is necessary that the machinery-equipment is ready for use in the stage of before payment on-the-spot control and this is checked by experts. The relevant controls are performed before the last progress payment and before money is received. As a final control, it is checked whether or not the beneficiary who is supported has met the requirements in relation to the principles of visibility. Moreover, the control of accounting records, the control as to whether or not the investment is financially sustainable and the on-the-spot control of all general expenditures are performed. Most of the on-the-spot control experts have an engineering background and in addition, experience is improved through the trainings performed in the fields on which they are specialized as the subjects of investment are quite wide and numerous. Besides, guide books are provided in relation to the works in which experts will engage.

Following the field part, the declared information and documents are subjected to an on-paper control by Payment Claim experts in the office. The beneficiary delivers the file which is called Payment claim package and includes invoices, payment documents and certificates of the expenditures made in the investment and the accuracy and validity of these documents are controlled by experts. Dates and validity of certificates are controlled in a very detailed way both at the Provincial Control Unit and at the Headquarters. If eligibility is approved as a result of the relevant controls, the beneficiary can receive his/her payment. It is important to check here whether or not the conditions which are mutually signed in the contract have been fulfilled over all declared invoices and documents. Moreover, in the stage of application, undertakings are received from the beneficiary during the application stage as to the effect that s/he will fulfill National minimum standards, EU standards and the eligibility criteria of the IPARD Programme and the control of these standards is also performed in this stage over the relevant certificates and documents. Finally, after all documents are verified, by considering the results of on-the-spot control report, the amount that the beneficiary will receive is calculated and payment is effected to the beneficiary.



5.3. Ex-Post On-the-Spot Controls

Ex-post period is a monitoring period which starts when the physical closing is performed, that is, the last payment is effected to the beneficiary and continues for 5 years and the aim of the controls in this stage is to follow whether or not the conditions and obligations in the contract signed between our Institution and the beneficiary and the annexes thereof have been fulfilled, to check whether or not the supported machinery-equipment and construction works are function and are used in accordance with their purposes and to check visibility and certificates. In the control of construction works, it is checked whether or not the supported investments are present and intact and whether or not they are used in line with their purposes. In the control of machinery-equipment, brand, model and serial number are checked and it is verified whether or not the supported items are functional and are used in line with their purposes.



Controls with regard to the sustainability of the project are performed with the control of accounting records, the control as to whether or not the enterprise is operational, both the physical control and the control of the invoices for purchasing and selling raw materials and products in a similar way to the before payment period. When negative cases such as damage/deficiency are encountered during the control of the sustainability of the project and its use in line with its purpose, its reason is questioned; in the event that supporting documents are submitted, an additional period is granted and it is rechecked whether or not the relevant damage/deficiency has been eliminated/completed and the sustainability of the investment is ensured.

In addition to the on-the-spot controls which are performed at the level of Provincial Coordination Units, there is a structure which performs the supervision of provinces as the Headquarters organization within the scope of

risk-based sampling. In addition to the on-the-spot controls which are performed in the ex-post period, we not only provide financial support for beneficiaries and potential beneficiaries, but also organize the trainings of the sustainability of enterprises at our 42 Provincial Coordination Units; within this scope, training activities are organized for agricultural holdings which engage in beekeeping and produce medicinal aromatic plants, milk and meat with regard to the production techniques for specific measures and the subjects that are requested. These training activities show, for the purpose of publicity, that we are an Institution that not only provides financial support, but also supports beneficiaries in every stage.

6. PROCEEDINGS OF MONITORING AND REPORTING

Expert from the ARDSI
Yasemin GÜLEÇ

I would like to give information about the Monitoring data in which all technical practices which have been conveyed by my colleagues up to now are reflected. At our Institution, the activity of monitoring is performed by monitoring experts who are assigned at the Coordination Unit for Project Monitoring and Control affiliated under the General Coordination Unit for Project Services. The activity of monitoring is of great importance for the assessment of the IPARD Programme and in terms of the function of providing data in relation to the programme practices in an effective way. The structure of monitoring system created to this end within the scope of the IPARD is a structured composed of the IPARD Monitoring Committee and the Managing Authority which engages in activities within our Ministry and our Institution, the IPARD Agency. The IPARD Monitoring Committee is a structure which is created in order to monitor the realization of the IPARD Programme and the quality of its practices together within the Managing Authority in an effective manner. Biannual meetings in which representatives from the European Commission also participate are organized in our country. In these meetings, discussions are held with regard to the progress of measures which are being implemented within the scope of the IPARD, physical realizations and sectoral problems with the participation of sectoral representatives. Our institution plays a key role as the main data provider party with regard to the project practices within all these activities. In order to be able to fulfill the activity of data provision in question, the IPARD Programme Monitoring Tables which are approved by the Commission and whose similar forms are used in candidate countries/member states are used. These tables which allow for the follow-up and assessment of progresses by the IPARD Monitoring Committee reflect all realizations on the basis of indicators including the EU and Public contribution. Our Institution performs the activity of data monitoring on the basis of sectors as well as at the level of each project whose application has been received. The relevant tables which contain the cumulative realization data of the IPARD Programme from the very beginning are reported to the Managing Authority affiliated under our Ministry in the reporting periods determined within the scope of two Memoranda of Understanding signed therewith. In each project stage, starting from the information of the projects whose application has been received, the numbers of projects for which a contract has been signed, a payment has



been made and whose last payment has been made and whose physical closing has been performed are stated as the monitoring data. The data in question covers all application periods from the date on which the IPARD Programme was introduced to this day. Within the scope of the reporting periods determined in the Memorandum of Understanding signed between the Managing Authority and our Institution as specified before, reports are provided by us at the end of the 3rd month of the year, at the end of the 8th month of the year and at the end of the year. In addition to these, reports in which we reflect realizations and which are prepared every two months are also present. In addition to the tables which contain all these numeric data, the IPARD Annual Implementation Report and the annual report which will shed light on our future practices such as sectoral problems, legislative amendments and control results are also reported to the Managing Authority. All these reports provided by our Institution constitute an input for the reports provided by the Managing Authority to the Monitoring Committee and the European Commission and the Commission, in the evidence of all these data, can follow up and assess the realizations of the IPARD Programme implemented in our country.

7. PROCEEDINGS OF ACCOUNTING

Experts from the ARDSI

Adem DUMAN-Özgür KURUÇAYLIOĞLU

Distinguished participants, now we will proceed with the presentation as to how the grants that we have provided are subject to accounting.

My name is Adem DUMAN and I work as a Senior Expert at the Coordination Unit for Accounting. I would like to welcome all participants and guests.

Our coordination unit is responsible for recording all contracts concluded, payments, payment authorizations and debts and reclaim procedures, if any. It also has to create necessary reports and settlements following these records and to fulfill this duty within the scope of the relation established with the relevant units. The principle that we use as a basis for the accounting records is IPSAS rules. These rules have been created according to the internationally accepted accounting standards. The records that we create in the accounting system are kept both in Euro and in TL. We create records in our system based on bilateral, analytic and accrual-based principles.

Our accounting period covers the period between 1 January and 31 December. To sum up main proceedings performed in accounting, we can talk about the contracts, payments, payment authorizations and debt records coming from other units. We are recording them and necessary controls are performed with regard to them. Then, we create necessary reports following these records and these reports are quarterly and annual reports. They are in the form of the declaration of revenues and expenses and the declaration of annual accounts. We submit these reports to the National Fund administration in order for them to be sent to the Commission. Then, we periodically reach to mutual understanding with other units every month and every three months. What we mean by other units is that we have to reach to mutual understanding with the Coordination Unit for Project Management, the Coordination Unit for Payment Authorization, the Coordination Unit for Payment and the Legal Advisory Department within the institution.



Another proceeding carried out by the Coordination Unit for Accounting is to monitor the budget. The monitoring of budget is a proceeding which is performed is to show the remaining budget before any call for application or in case of a request by deducting the payments made from this budget by considering the contracts signed based on the IPARD budget. This budget monitoring table is classified according to the year and measure code. Then, in the event that a debt occurs, we are keeping a Debtor's book as the Coordination Unit for Accounting. We are creating records in this debtor's book by making a differentiation according to the function and code of the debts. In the event that there is an irregularity, excessive payment, erroneous payment or any debt of the beneficiary arising out of the termination of the contract, we have to keep these records. Similarly, as the Coordination Unit for Accounting, we are responsible for the horizontal procedure of debt management with regard to this debt management.

You are seeing a scheme of the units to which the Coordination Unit for Accounting is relevant. The Coordination Unit for Accounting becomes related to other units from the stage of the conclusion of the contract. In other words, when the contract is signed, the relevant documents are referred to the Coordination Unit for Accounting; when any payment authorization occurs, the relevant documents are referred to the Coordination Unit for Accounting; in the event that there is a payment, fund request, fund approval or that any debt is recorded, the relevant documents are referred to the Coordination Unit for Accounting; these are subjected to accounting procedures and the relevant reports are created. The reports which are formed are reported to the NF administration and accordingly, we can see how much expenditure has been made from our institution from which measure at quarterly and annual basis. These reports that we have sent constitute the reference and main source for the audits of both the Court of Accounts of the Republic of Turkey and the European Court of Accounts, Audit Authority and the Commission. While creating our accounting records, we keep records according to a certain account code. We have an account plan which shows these account codes and in which these account codes are shaped. There are balance sheet accounts in this account plan and there are asset and liability accounts and income statement accounts within the balance sheet accounts while we have other accounts showing our revenues and expenses and accordingly, net profit for the period.

Besides, we have off-balance sheet accounts and these are accounts which are kept for the purpose of information with regard to the proceedings whose payment has not been made yet, but whose contract has been signed or fund request has been made.

The records that we have kept in the accounting system including contractual records, payment authorization records and payment records show records in the form of a breakdown to the level of measure, sub-measure, budget line, province and the name of beneficiary. The records that we have kept are kept in TL, but are automatically converted with the exchange rate of that month according to the monthly exchange rate table which is published by the commission for our country. However, the currency which we use as the basis is TL. I would like to talk about the tables prepared by the Coordination Unit for Accounting. These financial tables cover Balance Sheet, Income Statement, Net Flow Statement,



the Statement of Change in Net Assets and our footnotes for the explanation of them. Similarly, these tables/statements are prepared according to the generally accepted accounting principles. Except for this, the tables/statements that we have reported include a table summarizing reclaim procedures, a table for excessive payment, a table for written-off debts and a table for debts and reclaim procedures. We are reporting these to the National Fund.

We are performing this reporting both at quarterly and annual basis. The declaration of revenues and expenses is quarterly performed and we are reporting how much fund we have provided as the institution, whether or not a debt has materialized, how much debt has materialized and how much reclaim we have performed. Following all these four period, we are annually reporting the declaration of accounts to the NF. Then, in order to be able to check the accuracy of records that we have kept, we have to reach to a mutual understanding with the relevant units. We have to reach to a mutual understanding with the units from which documents are referred to us so that there will be no mistake with regard to the amounts and figures that we have sent to the commission. Because, in the event that there is a mistake, this can return to us in the form of a penalty. We have to reach to a mutual understanding with banks through bank statements and account statements. Then, we have to reach to a mutual understanding between the debtor's book that we have kept and the records of the accounting software and we have to reach to a mutual understanding at monthly basis with the contracting unit, the payment authorization unit, the payment unit and the debt unit. Finally, we have to reach to a mutual understanding with the NF with regard to the expenditures that we have made. Then, we have to reach to a mutual understanding between the D-1 that we have sent quarterly and their total amount at annual level in order to show congruence therebetween. In other words, we have to keep D-2 which is the total amount of 4 periods. We also have to reach to a mutual understanding with our Ministry. We have also referred to the debtor's book. In the event that there is any debt, it is sent by the relevant unit to the Coordination Unit for Accounting; then, the Coordination Unit for Accounting has to record it in the Debtor's book and inform the NF about it. In the debtor's book, all debts are coded according to their type. We are classifying these debts according to the reason why they have materialized. In accordance with the memorandum of understanding, we have to keep a summary of the reclaims that we have performed at annual basis and submit it to the NF. This is attached to the D-2. These have to be sent within 3 to 5 days according to the type of the debt. Or in the event that there is an excessive payment and it is detected, we have to send this to the commission within 3 days and to return the amount in relation to this excessive payment to the accounts of the commission. Finally, I would like to talk about the monitoring of budget. When the institution wants to issue a new call for application or to find out how much fund has remained, it requests information from the Coordination Unit for Accounting.

The Coordination Unit for Accounting reports to the relevant coordination unit the remaining amount of budget in each year and each measure by considering the contracts concluded and payments made within the knowledge of the IPARD budget and ensures that net budgetary figures are created for a new call for application. Accordingly, a new call for application is issued.



8. PROCEEDINGS OF PAYMENT

Expert from the ARDSI
Nurdan KIZILIRMAK YÜKSEL

The parties which are involved in the payment proceedings performed by the Coordination Unit for Payment are the Ministry of Finance, the Ministry of Food, Agriculture and Livestock (the Directorate General of Agricultural Reform) in terms of the supply of the National Contribution; the Directorate General of Agriculture and Rural Development of the European Commission, the Department of National Fund Administration of the Directorate General of Foreign Economic Relations of the Undersecretariat of Treasury of the Prime Ministry of the Republic of Turkey in terms of the supply of EU contribution; the ARDSI which performs the transfer of both contributions as public contribution and the beneficiaries to whom we have made payment.

Payments are only made by the ARDSI to the bank accounts of the beneficiaries through authorized signatures and no cash payment is made. Upon the receipt of approved payment authorization forms showing the amount to be paid to the beneficiary, a fund request is made to the National Fund administration for the supply of EU contribution. Upon the approval of the fund request, payment orders are conveyed to banks. All payment orders are performed and checked through the collective payment system of banks.

All accounts with regard to the IPARD are opened by the National Fund and the authorization to use some accounts is assigned to the ARDSI.

The Directorate General of Agriculture and Rural Development of the European Commission sends the amount of EU contribution to the IPARD Euro account of the National Fund. As the ARDSI makes a Fund Request, the National Fund Administration sends an order to the bank in order for the amount of EU contribution from the Euro account in question to be converted in to TL. In the event that there is an exchange rate difference, the difference therebetween (profit/loss) is managed by using the IPARD TL account of the National Fund. When each fund request is approved, the ARDSI transfers to the IPARD Payment Account the amount of EU contribution from the National Fund Transfer account and the amount of National Contribution from the IPARD National Co-financing account through the payment order instruction that the ARDSI has sent to the bank in writing (at the same time, it has uploaded to the collective payment system) and the amount which is authorized for the beneficiaries is transferred to the accounts of beneficiaries one by one.

In the Stage of Payment, budgetary proceedings are carried out in order for the National Contribution to be included within the budget of the Ministry of Food, Agriculture and Livestock. A cash flow estimation is performed in order to supply EU contribution based on our needs. Fund request and payment order proceedings are carried out for the realization of payment proceedings. Moreover, reclaim procedures and other procedure-based proceedings are carried out in line with the National Legislation in the stage of payment.



The rules and control points applied in line with the National and EU legislation in the stage of payment are as follows:

- Payments are made in national currency (TL).
- They are made to the IBAN accounts of beneficiaries.
- Payments are made within 3 months following the delivery of the documents which form the basis for payment by the beneficiary to the Institution.
- As a general rule, payment orders are realized in 3 business days.
- There are double authorized signatures in payment orders.
- All documents are signed by 2 different persons.
- Checklists are used for audit trails.
- Each payment proceeding is checked after it is realized.

The following protocols have been signed in order for payment proceedings to be performed by the ARDSI in a sound way.

1. If the equity of potential beneficiaries is insufficient when they submit their projects to the ARDSI, protocols have been signed with 17 banks and the Central Union of Agricultural Credit Cooperatives in order to ensure that they provide pre-financing.
2. There is a Memorandum of Understanding which stipulates procedures and principles to be applied in general with regard to making IPARD payments between the Directorate General of Economic Relations of the Undersecretariat of Treasury of the Prime Ministry of the Republic of Turkey and the Implementation Units of IPARD (the ARDSI and the Managing Authority).
3. A Budget protocol has been signed between the Directorate General of Agricultural Reform of the Ministry of Food, Agriculture and Livestock and the ARDSI in order for the National Budget to be included in the National Budget.
4. ARDSI Payments are made through T. Vakıflar Bank Turkish Incorporation. A protocol has been signed among the Department of National Fund of the Directorate General of Economic Relations of the Undersecretariat of Treasury, the Bank and the ARDSI.

9. PROCEEDINGS OF INTERNAL AUDIT

Coordination Unit for Internal Audit
Zikri BAYTAR
Auditor

Hello, first of all, I would like to say welcome. We are really happy to see you here. Because, we have hosted many people here. But, we always hosted guests from the European Union, we are also happy to see you. In the morning section, macro issues have been discussed. In the afternoon, very sensitive micro issues with regard to ARDSI procedures were discussed. I will be dealing with the meso-level a little bit. I am working as an Auditor in the unit for internal audit at the ARDSI. There is a single audit unit of the ARDSI.



In essence, there are two main questions from your side when we consider this meeting. The first one is about the ARDSI, its framework, activities and how to perform these activities. Secondly, the question is how the ARDSI example can contribute to your own country. These are main questions. As people from different countries, different structures, different practices and different professions are here, I will try to focus on a general and conceptual framework.

The main subject of the meeting is rural development and it is a concept whose basis is human beings and which aims to improve the welfare, development, service access and quality of life of human beings. We have stated that participant countries have rural society at a rate of nearly 27% to 78%. This covers nearly twenty five million people for Turkey. Therefore, we are addressing twenty five million people for Turkey in terms of rural development. It is not easy to identify a group which is composed of twenty five million people, that is, nearly one fourth of the population with a single concept. It is necessary to seek other concepts under this concept of rural development. One of them is rural development, another one is local resources and another one is rural industry while another one is agricultural policy. When we consider rural development in a more detailed way, we see that there are many sub-concepts such as agriculture, forestry, fishery, health, micro-entrepreneurship, education infrastructure services, use of technology, children, women, disadvantaged groups, micro-credit and employment of the landless. However, the main principle is to be able to help oneself. This is important in order to ensure that an external support is sustainable.

The ARDSI stands for the Agriculture and Rural Development Support Institution. However, it is not the only institution that is responsible for rural development. As a result of the aforementioned explanations, many public institutions such as the Ministry of Agriculture, the Ministry of Health, the Ministry of Culture, local administrations, the State Hydraulic Works, Governor's Offices and the Ministry of Interior have duties in relation to those who live in rural areas. One of the most important responsible parties in terms of Rural Development is the Ministry of Agriculture in particular in terms of planning and coordination. The institution which transfers the financial resources coming from the European Union to farmers and those living in rural areas in line with the established rules. The ARDSI acts as a relevant institution of the Ministry of Agriculture. The ARDSI has acquired an important place among public institutions especially in the last two years and come to the fore very quickly. It means that the ARDSI has made something different from the things which have been made up to now. From 1960s, various rural development approaches have been applied in Turkey. This is the first time that an institution is rising so quickly and in such a bright way. The distribution of the funds of the European Union by the ARDSI dates back three years. It is striking that it has achieved such an important success in such a short period of time.

Then, the question which needs to be asked is as follows: What renders the practices of the ARDSI different?

First of all, the ARDSI has a system which has been accredited by the EU. Briefly, the accreditation has been performed with the structure which is expressed as EDIS in its original language. This is a model which means an advanced level of



partnership within various accreditation models. Sound Financial Management (SFM) Principles are present on the basis of the ARDSI management and control system which has been subjected to Accreditation in this way. In other words, it has a basis for using resources in an effective, economic and efficient way. This is important in terms of the following aspects. I am sure that there are resources and funds allocated for rural or agricultural development in the country of each participant. Participants have directed questions with regard to these funds. The first question has been as follows: How do you make decisions on the distribution of these funds? The second question has been as follows: How do you establish balance with politics while making decisions in a bureaucratic way? These have been two main questions. The basis of these questions has put forth in this environment the balance of politics and bureaucracy which has become a classical concept in terms of both bureaucracy and politics. As a result of the failure to make these decisions in an optimal way, there is a risk that these decision-making stages turn into losses. The accredited system of the ARDSI has overcome this risk in a way. We will handle how it has overcome the risk in a detailed way in future.

Secondly, the duty of the ARDSI is to receive, select, support the project applications to be supported and subsequently, to monitor them for a period of 5 years. Currently, more than 7000 contracts have been signed. In addition to the preparation of very comprehensive and detailed projects, compliance with legal requirements in subjects such as permits and licenses is at the highest level. Enterprises which are supported owing to these contracts meet national and EU standards. It is very important that all projects which are supported meet national and EU standards in relevant fields.

According to me, the third aspect which has a different importance for distinguished participants is the New Public Administration understanding. The New Public Administration understanding which has recently occurred with regard to Public Administration in the world and is aimed at integration gradually gathers momentum among countries. It is a system which stems from Anglo-saxon roots and is applied by the USA and EU countries. As a country, we have been trying to shift to this system for the last 6-7 years through the Law numbered 5018. This system is a system which is applied in public and private sector in many countries such as the USA, Canada, EU, the United Kingdom, the Republic of South Africa and Australia. In essence, it contains internal control models. Maybe, you have heard models such as COSO and COCO. The ARDSI is an institution which has created a structure in line with these internal control models and put it into practice. Due to the fact that the ARDSI is a small institution, it can easily apply these models from a to z. This new public administration understanding covers strategic planning, risk management, multi-annual budgeting, performance programme, internal control system and internal audit. The application of these many new concepts in a certain harmonious way requires that many sub-mechanisms work in harmony. In this regard, directors bear a separate duty. Because, in order to manage dynamics which occur according to this new understanding, a certain level of experience and knowledge is needed in this respect. There is a corporate structure in which old classical directors will have difficulty.



The ARDSI has both created a new support model and performs this support function by using a new structure and mechanisms. This mixture is a new understanding which will set an example. The ARDSI has rapidly completed this transformation both due to the advantage of being small and as it is required for accreditation. I think that this is an interesting example for participants.

When we consider our achievements as Turkey due to this system; first of all, many modern agricultural holdings which meet national and EU standards and whose capacities are at a certain level have been established in the country. Today, when you travel from one province to another one, you certainly encounter an enterprise which has received support from the ARDSI and even, you can encounter more than one enterprise. We had lots of resources before. Currently, there are still considerable support schemes in the field of agriculture. However, this is the first time we are encountering a practice whose outcome is achieved so fast, in a regular and visible way and becomes so popular in the country.

If we return to the issue of what is the difference of the ARDSI, the first thing that we have encountered is the fact that we have procedure of 5000 pages. Our experts have tried to describe them through presentations in a detailed way. These only comprise a very limited part of our procedures. These procedures regulate when, by whom and how an activity will be performed. In addition to so many procedures, there are EU regulations and directives. Apart from these, we have sectoral and framework agreements. Sectoral agreements are agreements which IPA countries sign with the EU in relation to Rural Development and are parallel with each other.

Besides, we have also achieved many invisible things. For example, the project culture has developed a lot in Turkey due to the ARDSI. As the application files of the ARDSI are project-based, approved, authorized, licensed and contain legal requirements, they initially received reaction as to the effect that it was hard to prepare them. Applicants were right about some effects in relation to these difficulties. Then, following lots of activities performed by the ARDSI on this subject, due to a common point of view assured with other Institutions, the number of our projects has increased incrementally like a snowball. Because, the issues of project preparation and documentation which were initially perceived as difficult have turned into routine practices. Because, we do not request any document which does not meet any legal obligation and is unnecessary. As consultants started preparing these projects, they have also learned how to perform this activity in time. As we are accredited in this stage, it has been hard for us to facilitate and to allow for flexibility. However, as the ARDSI, we have put lots of effort and found a middle course on many subjects with both the Commission and the Institutions within the country and we have tried to provide the ease of implementation without affecting main objectives.

Our second achievement is that nearly 1800 personnel works at the ARDSI and that nearly 1400 of them are experts. Before the ARDSI, the number of experts who was informed and had a comprehensive knowledge about this system in EU countries with regard to rural development or project expertise was nearly none. For that reason, everything was established from scratch and all over again. Many colleagues who exerted efforts in this beginning stage really put



great effort. That period was a very difficult one. 1400 experts are currently managing this system which was established as a result of the efforts of all these experts. When you arbitrarily select any 4 of these 1400 experts, they have the knowledge and experience to establish such a system in any country down to the minuscule details. All our experts are at this level and proficiency.

In relation to our third achievement; the capacity of consultants in our country was not sufficient when the ARDSI was established. Because, the project culture was not developed, either. Consultancy was rather perceived as personal. This has developed a lot due to the ARDSI. Because, one of the support items of the funds was Consultancy activities. Experts have talked about aid intensities in the previous presentation. Currently, many corporate firms which prepare projects for the ARDSI have been established. In time, they have also started preparing projects in other subjects.

Our fourth achievement as another factor is that the sector of machinery manufacturers has developed as a result of a rapid rise in the Market. Especially, agricultural machinery manufacturers firstly reacted with a rise in prices in the face of the increasing demand, but this situation has allowed small firms to be more involved in manufacturing. Thus, when a higher number of firms started competing in the growing market, the firms which make a high quality manufacturing and whose prices were reasonable were preferred more. Therefore, the firms which manufactured agricultural machinery developed, quality was improved and competition was increased.

Finally, all projects are monitored. Projects are monitored for a period of 5 years from the date of last payment. In accordance with the concluded contracts, they are monitored for cases which can go down to reclaim procedure. Those who are experienced about projects and manage projects know that the most problematic stage of a project is the stage of monitoring. Thus, the monitoring culture has also developed.

All in all, there is an achievement. If you asked about the key concept of this achievement, the answer would be "regular audit". I am in the unit for internal audit. The unit for Internal Audit has a function of being a coordination/contact point in terms of internal and external audit. How is audit-supervision conducted at the ARDSI? I will try to dwell on that quickly. Applications are received at Provincial Coordination Units. Any incident which requires a control is primarily controlled by the experts assigned in provinces. Then, in accordance with the principle of four eyes, the proceedings that are performed are reviewed by a more senior expert or mid-level manager. First of all, proceedings with regard to a file are performed by our Provincial Coordination Units. In the second process, the proceedings that Provincial Coordination Units have performed are supervised by the Coordination Units at the Headquarters and all proceedings which are performed in provinces are reexamined by the Coordination Units at the Headquarters by sampling them at a certain rate. In this process, the Coordination Units at the headquarters also compare different practices which are carried out in different provinces and create uniformity and consistency for Institutional practices. Following these two links, in the third link, the coordination unit for internal audit and a bilateral structure composed of the NAO and the Audit Authority conduct an audit with regard to the submitted projects. All these proceedings are transformed into a report.



Following these stages, the process continues with the audit process of the European Union. In this process, the audit mechanisms composed of the European Court of Accounts, OLAF and the J4 and J5 units of the European Commission come into play. The J4 Unit of the EU comes for Audit for the annual amounts which are spent by the ARDSI after expenditures are completed for each year. All these processes and the findings that are detected by the audit mechanisms are collected in a single place. As a result of this, if there is any irregular case or there are control mechanisms which are used in a sufficient way can be easily detected by the Commission.

During the audits that it conducts in this direction in Turkey, the Commission selects a provincial coordination unit and a certain number of projects according to the use of annual budget and performs an audit on them. Following the detection of irregularities, mistakes and errors with regard to expenditures, the Commission extends these findings to the entire amount of support made by the ARDSI for that year at a certain rate (such as 5%, 10%, 15%, 20% and so on) and makes a deduction on the funds allocated for our country for that period over the EU contribution.

The main question has been related to what the position of strong decision mechanisms such as politics is within the entire structure with regard to the distribution of resources. Due to the fact that this structure which has been accredited within the entire process does not function properly, as the case may be, sanctions such as the accreditation being suspended by the EU commission or a part or all of the funds which are paid being subjected to percentage-based deductions by the Commission can be imposed. At this point, even if the high risk of deduction is an institutional failure, it has some aspects affecting the politics. For this reason, as this is also known by political authorities and as the interests of the country are prioritized, it is the case that more sensitivity is shown in these subjects. On the other hand, the activities and proceedings which are performed in the ARDSI system are continuously recorded through the principle of audit trail. EU Auditors have been systematically carrying out audit work for a long time. The expertise, experience and proficiency of inspectors with regard to this activity are at a high level. In the event that there is any impact aimed at negatively changing or disrupting the functioning of the current system which has been accredited within the ARDSI System, it can be detected by auditors very easily.

Beyond all these aspects, in the system established at the ARDSI through the procedures of nearly 5000 pages, it is the case that nearly 35 experts perform examination and control proceedings, respectively in the processes from the submission of a file to making the final payment to the beneficiary. Therefore, even in the case of a decision-mistake-error which has a disruptive impact on the current system, the possibility of the occurrence of a case which is contrary to procedures goes down in these long control processes. As I have specified before, the fact that a file goes through the examination and control of 35 experts within the current system and that it is continuously under audit by 9 different audit units at EU and national level (the ARDSI, the Coordination Unit for Internal Audit, the Inspection Board and Internal Audit Unit of the Ministry of Agriculture, the Court of Accounts of the Republic of Turkey, NAO, the Audit Authority, the



European Court of Accounts, EU OLAF, EU J4, EU J5) is aimed at preventing the occurrence of mistakes and errors in a way to affect the system.

The system at the ARDSI is managed in a way that is focused on audit over accountability and all proceedings which are performed within the scope of audit trail are recorded. The system stands on these pillars. In the establishment of such a system, the assurance of accountability against both a national and international authority has difficulties as well as advantages.

As there is nobody with a background of audit among participants, I will not focus on the technical aspects of audit. The Coordination Unit for Internal Audit is present at the ARDSI as the audit unit. Internal Audit is different from inspection. Inspection is an activity aimed at finding those responsible by being performed after incidents/cases/irregularities take place and performing examination and investigation activity. However, internal audit is present within the system and works with a methodology aimed at detecting regularities/cases in question before they materialize and at helping the administration. To the extent that it succeeds in this, it provides added value for the system. The main difference occurs here. Internal audit is conducted in the world at certain standards and within a certain organization. International guidance and international internal audit standards are published by the Institute of Internal Auditors (IIA) and internal audit activities are performed in the world within the scope these international standards. Similarly, international certificates such as CIA, CGAP, CCSA, CRMA and so on are issued by the institute in question following the organization of examinations. Nearly 10 of the international certificates in question are held by the Coordination Unit for Internal Audit of the ARDSI. Previously, this number was higher. However, some of our colleagues have left the institution and started working at other public institutions. They conveyed their experience in particular with regard to the newly established system to the institutions at which they started working. That is what I would like to say. If you have any questions, I can answer them.

Question: *What is the contribution of the country in funds? How is deduction made? Are there any important cases of corruption in the system?*

We have a saying: who pays the piper calls the tune. The EU contribution of the fund is 75% while the national contribution is 25%. Therefore, as the EU provides the contribution from its citizens, it evaluates whether or not the resource provided has been used according to agreements. It reclaims the amounts which are not spent in line with its purpose by applying an impact of extension. While doing so, they question all sorts of proceedings that we perform, go to the site, perform visits to enterprises and examine all payment items one by one. They question whether or not we have made the necessary controls in time and at an appropriate quality. They are deducting the deficiencies and mistakes that they have detected at a certain percentage. Because, they contribute to the fund by three folds.

We can answer the question on whether or not there is a significant case of corruption in the system in this way. We make the payment after a facility or investment is completed and put into operation. Therefore, first of all, if we are supporting an element, this has been certainly purchased and its detection has



been made by us. Our experts see this expenditure item and detect that it works. Sometimes, while an enterprise makes an investment, our experts pay visits to the place of investment 14-15 times. In all stages, we are performing more than sufficient controls. If there is an expenditure which is not deemed appropriate, we do not make any payment.

The problem generally occurs when the beneficiary fails to operate the enterprise. In general, as there is an obligation to operate the enterprise for a period of 5 years in our system, they fail to fulfill it. For that reason, the case of deduction or reclaim takes place. There are a few enterprises in this situation. Reclaim procedure has been initiated for them. We do not provide support for live animals. This stems from the agreements made with the EU. The system has been designed to ensure that the beneficiary will firstly establish the facility and then, make payment to the contractor of construction and to the person from whom s/he has purchased machinery through a bank. Following this stage, s/he submits his/her documents which form the basis for payment.



Meral ÖZKAN: Trainings on the sustainability of enterprises are provided for beneficiaries with regard to the projects supported by our institution. Besides, within the scope of the sustainability of enterprises, the access of our beneficiaries to loan facilities has been increased within the framework of protocols signed with 17 banks and the protocol signed with Agricultural Credit Cooperatives.

Question: Can Commission auditors perform an audit with regard to the internal audit of the ARDSI? How is the audit of the internal audit performed?

Commission auditors can perform an audit with regard to the internal audit of the ARDSI. They are entitled to do so. They can have access to every report that the coordination unit for internal audit is generating. The procedures of internal

audit are also included within the procedures of 5000 PAGES. Besides, in terms of internal audit, it needs to be audited by an auditor with a certification such as CIA within the quality assurance assessment system for a period of 5 years.

We have not talked about the most important element in the system. As we are involved in the system, we have not seen and talked about it. A ranking examination is held in Turkey for those who graduate from university according to professions. Those who have the highest grades as a result of this examination can make an application to us. We are working with those who have the highest grades in the examinations that the ARDSI institution is holding. You are seeing the experts of the institution here; they are employees with a very low average age. The condition of foreign language is also sought. The system is essentially managed over persons. The ARDSI has high-quality human resources. People-employees-experts and directors are the ones who sustain the system. Therefore, the quality of employees is important.

— THE SECOND DAY OF THE WORKSHOP (TECHNICAL VISIT) —

The technical visit programme was performed with the participants from SESRIC and D8 countries. A total of 19 persons participated in the programme together with the personnel from the headquarters and Ankara Provincial Coordination Unit.

Within the scope of the visit programme, first of all, the project of Buse ÇELİK - the Facility of Producing Broilers with a capacity of 50.000 located in Dikmen Village of Beypazarı was visited. This project made an application in the 11th Call for Application and started investment in March 2013. The project which completed its investment activities in August 2014 cost 1.344.756,00 TL in total. 818.053,00 TL of this amount was supported by our institution.



Within the scope of bio-safety measures, disposable overalls and overshoes were worn; the investment stages, physical and technical features of the facility were examined on-site and 3 veterinary surgeons coming from Bepiliç firm to which the produced broilers were sold gave detailed information on the process of production.

Secondly, Farm-Mat Group Animal Breeding Project which is located in Karahamzalı Village of Bala and in which 120 Bovine Animals Produce Milk was visited. The project in question made an application in the 11th Call for Application and started investment activities in April 2014. As of October 2014, 1.798.160,00 TL of the project which completed its investment with the amount of 2.827.537,00 TL was paid by the institution.

In this facility, together with the veterinary surgeon who is permanently assigned here and the owner of the investment, animal care, animal welfare and the stages of the investment were examined. Information was provided with regard to modern milking units and the units in which milk was stored in a safe way.







PRESENTATIONS

ARDSI

Agriculture and Rural Development Support Institute

Turkish Agriculture & Rural Development Policies in EU and Turkey

MAY 2015 ANKARA





PRESENTATION PLAN

- POSITION OF TURKISH AGRICULTURE IN THE WORLD
- RURAL DEVELOPMENT POLICIES IN EU
- RURAL DEVELOPMENT POLICIES IN TURKEY



TURKISH AGRICULTURE



TURKEY

Total Area :78 mil.ha

Population:74,7 million

Number of provinces: 81

Number of towns and submunicipalities : 2.869

Number of villages :34.402

Agricultural Land : 24,4 million ha

Pastures and meadows : 14,6 million ha

Forests : 21,4 million ha

Number of agricultural holdings : 3 million

Average size per holding : 6 ha





AGRICULTURAL GDP

AGRICULTURAL GDP
(Billion \$)



AGRICULTURE SHARE of GDP **%7,4**

TURKISH AGRICULTURE SECTOR;
is growing for 9 out of last 10 years

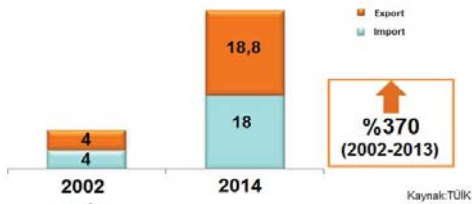
In terms of Agricultural GDP, TURKEY;

- was 11th rank in the world and 4th in the Europe in 2002,
- has risen to **7th rank** in the World and **first** in Europe since 2008 according to the World Bank and OECD Reports.

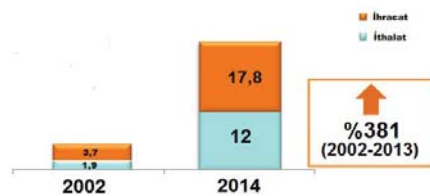


AGRICULTURAL TRADE

AGRICULTURAL TRADE VOLUME
(Billion \$)

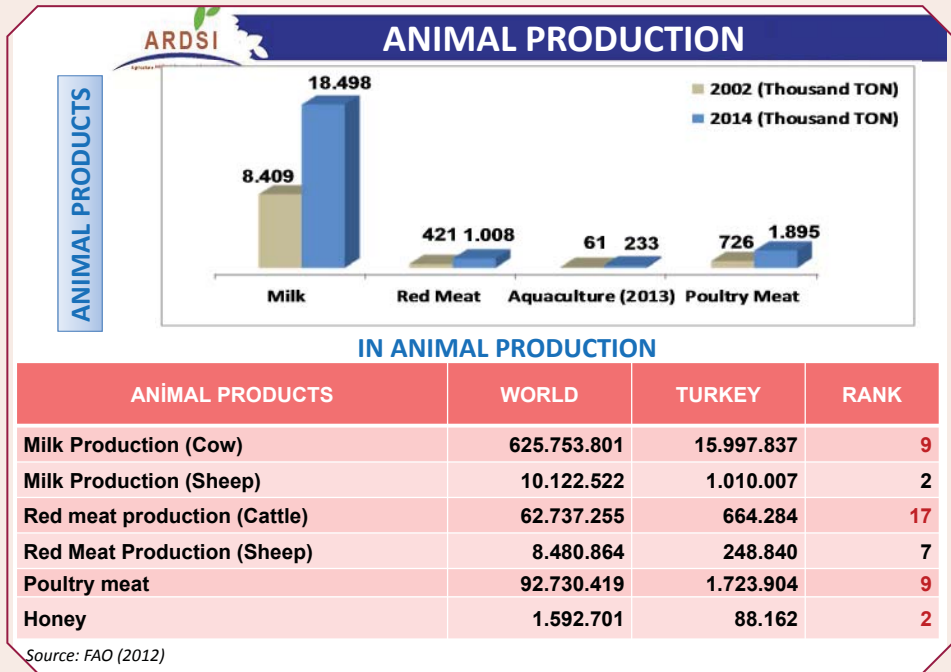
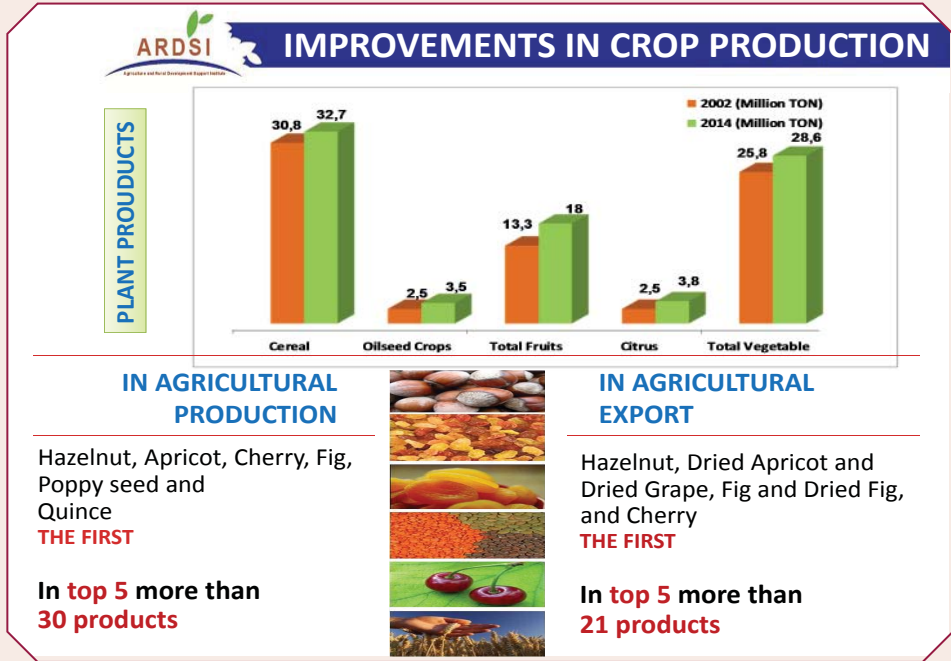


FOOD TRADE VOLUME
(Billion \$)



Turkish Agricultural Sector meets the food requirement of **77 million** Turkish citizens and **39,8 million** tourists; also exporting **1.681 products** to **192 countries** which accounts **18,8 billion \$**



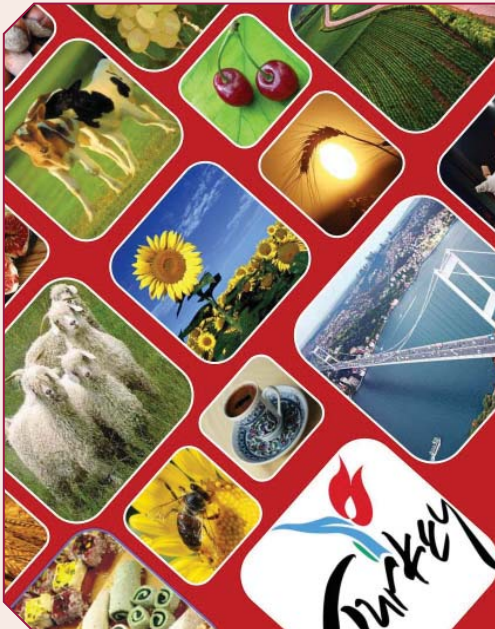
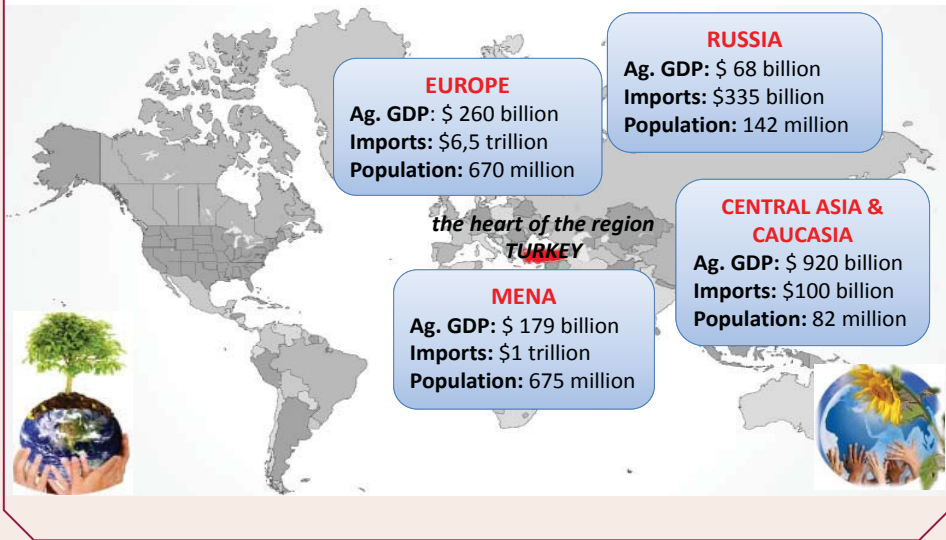




TURKEY IN WORLD AND REGION

Taking Turkey as a center and a circling of a 4-hour-flight distance on a world map covers;

1/4 the world's GDP and 1/3 of the the world population ...



RURAL DEVELOPMENT POLICIES IN TURKEY



DEFINITION OF RURAL AREAS

- ✓ A population of 20,000 is set as a threshold to distinguish rural areas from urban.
- ✓ According to this definition, 27.7% of Turkey's total population live in rural areas.



- There are 34,292 villages in Turkey and 11,883,500 people are living in villages.
- There are 1,977 counties in Turkey with a total county population of 5,294,616
- Out of 892 districts, 590 district centers are in the coverage of rural areas. 4,058,130 people are living in rural district centers.

INFRASTRUCTURE IN RURAL AREAS

Potable water

In Turkey, 99% of the population in municipalities are connected to water supply systems.



Roads

There is a total of 320,000 km of village roads. Of these, 141,000 km have either asphalt or concrete sealing, which is the standard that is considered adequate.



Internet Access

47 % of population have a chance to use the internet in their neighbourhood.





THE KEY POLICY DOCUMENTS FOR RURAL DEVELOPMENT

The Development Plans (2014-2018)

The development plans are being prepared by the State Planning Organisation since 1963 setting the national framework for social and economic development of the country including the priorities and targets for all sectors in the long term. In this framework, they are also represented as the basic policy documents for development activities including agriculture and rural development.



The National Rural Development Strategy (2014-2020)

The National Rural Development Strategy (NRDS) sets a comprehensive policy framework for rural development policies. It also establishes the basis for the national "Rural Development Plan" (nRDP).



The National Rural Development Plan (2010-2013)

The National Rural Development Plan is prepared by the Ministry of Agriculture. It describes priorities and targets also actions to be taken.



THE MAIN RURAL DEVELOPMENT PROGRAMS

Rural Infrastructure Programs

Village infrastructure support programme (KOYDES) programme supports infrastructure construction investments in villages. It has been implemented since 2005.




Infrastructure support for municipalities (BELDES) is for the improvement of quality water supply network around Turkey.



Social Support Programme (SODES) has been implemented since 2008 by the Ministry of Development. Within the programme, financial support is provided to projects on social, recreational and cultural facilities.




THE MAIN RURAL DEVELOPMENT PROGRAMS


Regional Development Programs


The Eastern Anatolia Development Programme (EADP-DAKP) is a regional development Programme that aims at capacity building for sustainable development through the implementation of innovative and participatory regional policy and planning approaches


South-eastern Anatolia Project (GAP) covers about 10% of surface area and population of Turkey. It is based on the development of land and water resources as well as general socio-economical development and integrated sustainable human resource development.

Other Regional Development Programs

- ✓ KOP
- ✓ DOKAP
- ✓ YHDP








THE MAIN RURAL DEVELOPMENT PROGRAMS

Rural Development Investments Support Programme

Rural Development Investments Support Programme is a grant scheme for improving the income and social standards in rural areas, ensuring integration between agriculture and industry, It is implemented by communiques which are drafted by MoFAL every year and enter into force after being published in Official Gazette.






The Rural Development Investments Support Programme covers all 81 provinces of Turkey and it is implemented under two headings:

Economic Investments Supports

Machinery and Equipment supports





THE MAIN RURAL DEVELOPMENT PROGRAMS

RURAL DEVELOPMENT INVESTMENTS SUPPORT PROGRAMME

Initiated in 2006 for the investments on,

- Processing,
- Packing and
- Storing the agricultural products
- Purchasing machinery and equipments
- Presssize irrigation systems

**WITH 50% GRANT
INVESTMENTS HAVE BEEN
ACCELERATED**



WITH THIS SUPPORTS

- 5.450 agricultural establishment instructed
- 1,1 Billion TL grant was given
- 46 Thousand staff were employed

- 261.149 machinery and equipment were supported
- 993 Million TL grant was given



THE MAIN RURAL DEVELOPMENT PROGRAMS

IPARD PROGRAM

Under the pre-accession support of European Union in the period of 2007-2013, totally 874 Million Euros has been allocated to Turkey to support rural development.

By summing up the national contribution which has been 286 Million Euros, totally 1 Billion 160 Million Euros of public contribution has been allocated to support the development of rural areas.

The rural development funds have been used in line with the Rural Development Program (IPARD Program)

The sectors targeted by the Programme are:

- Milk and Meat Producing Holdings
- processing and marketing of agricultural products
- Diversification of rural development activities

The Programme has been designed for implementation totally in 42 provinces out of 81 provinces of Turkey





RURAL DEVELOPMENT POLICIES IN EU



COMMON AGRICULTURAL POLICY OF EU (CAP)

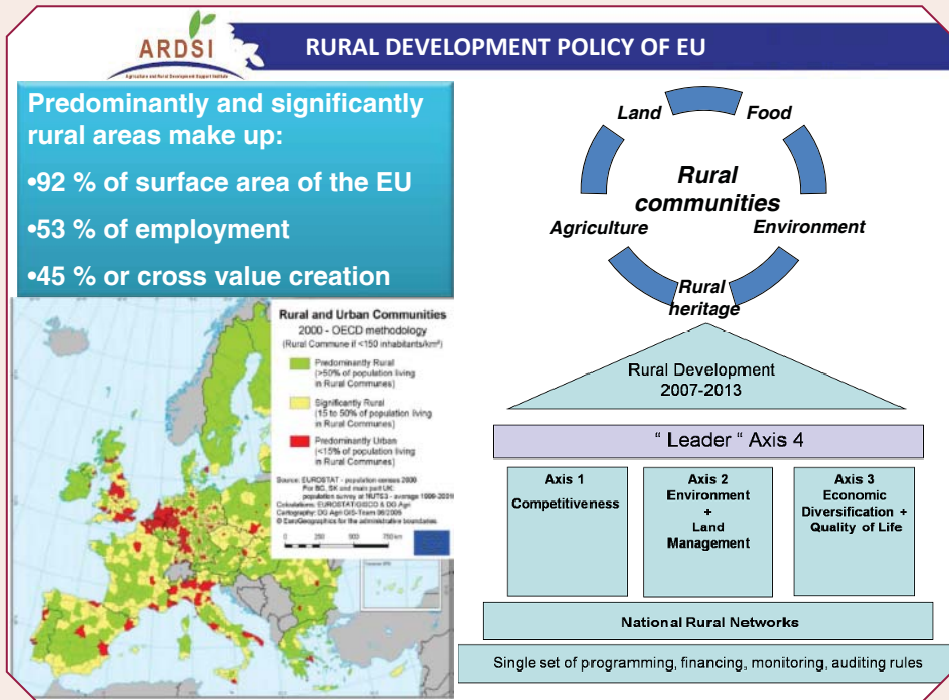
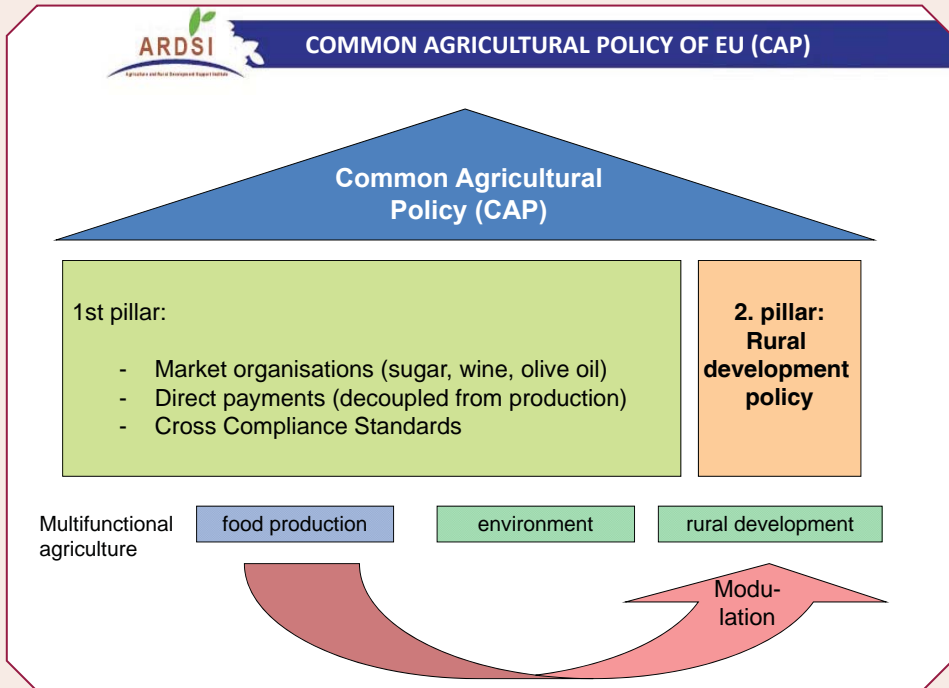
The CAP (Agricultural Common Policy) is the first and most important common policy of EU. It has been in force since 1962. It is also a policy that has been reformed on many occasions, in particular during the past decade and a half

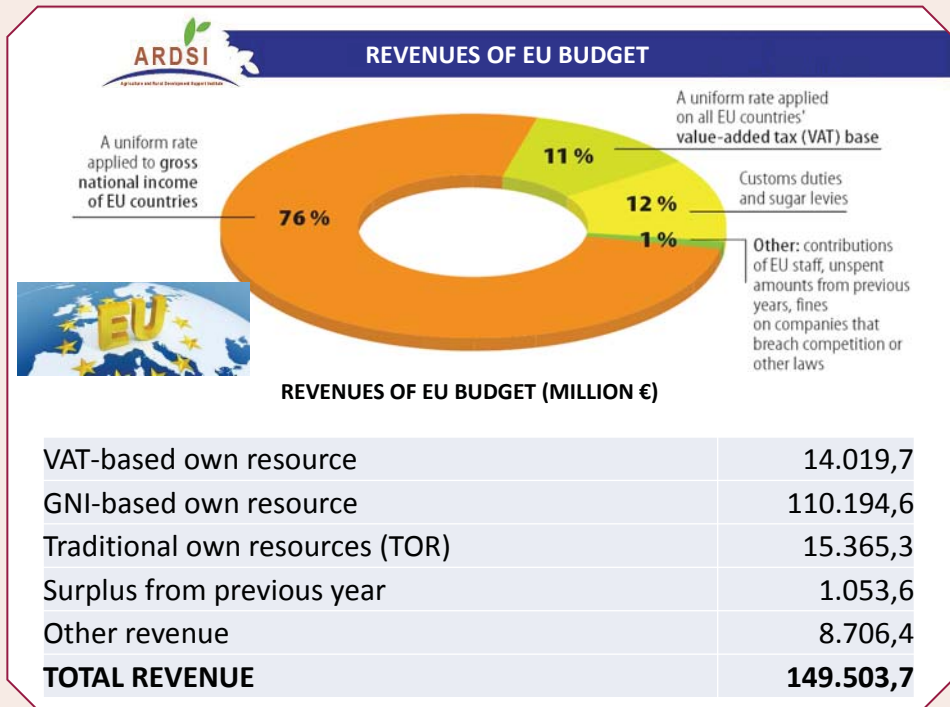
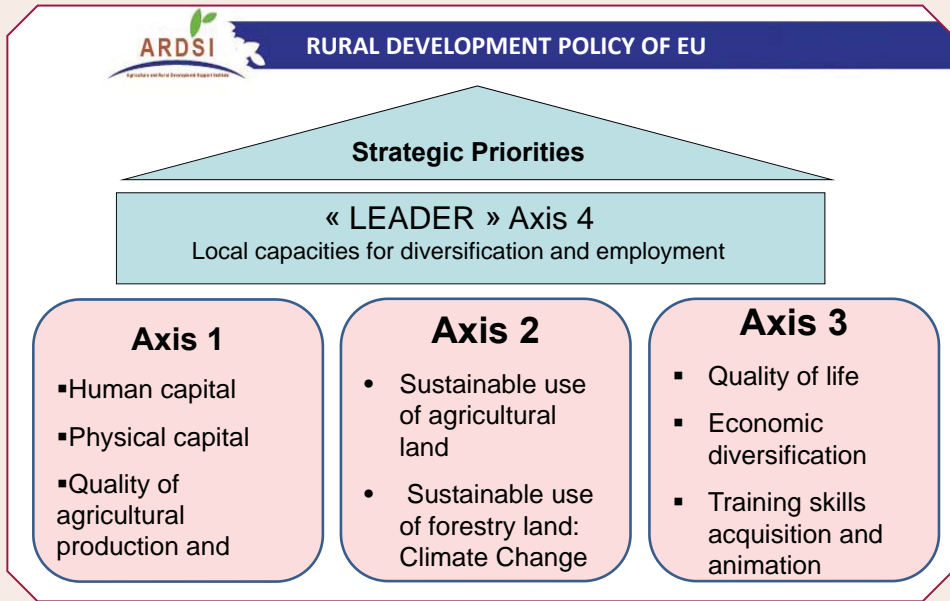
Historical development of the CAP (1962 →)



The Early Years (60s)	The Crisis Years (70s/80s)	THE 1992 REFORM	Agenda 2000	CAP REFORM 2003	CAP Health Check 2008	CAP REFORM Post-2013
Price support Productivity improvement Market stabilisation	Over production Exploding expenditure International frictions Supply controls	Price cuts and compensatory payments Surplus reduction Income and budget stabilisation	Deepening the reform process Rural development	Market orientation Decoupling Cross compliance Consumer concerns Environment Enlargement	Reinforcing 2003 Reform Dairy quotas	Greening Targeting Redistribution End of production constraints Food chain Research & Innovation





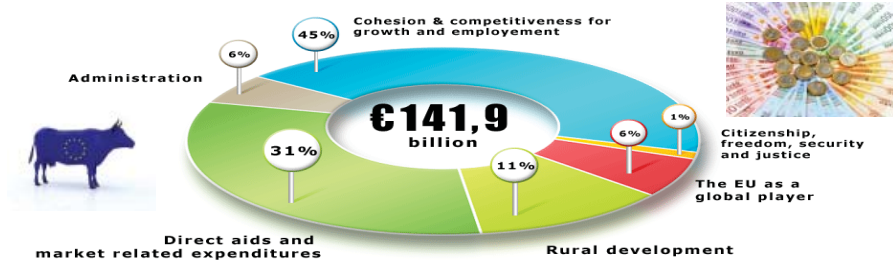




EXPENDITURE OF EU BUDGET

Expenditures of the Year 2014 (Mil.€)

Competitiveness for growth and jobs	16,484.00
Economic, social and territorial cohesion	47,502.30
Sustainable growth: natural resources	59,190.90
Security and citizenship	2,172.00
Global Europe	8,325.00
Administrations	8,404.50
Compensations	28.60
Other special instruments	582.90
TOTAL	141,900.30



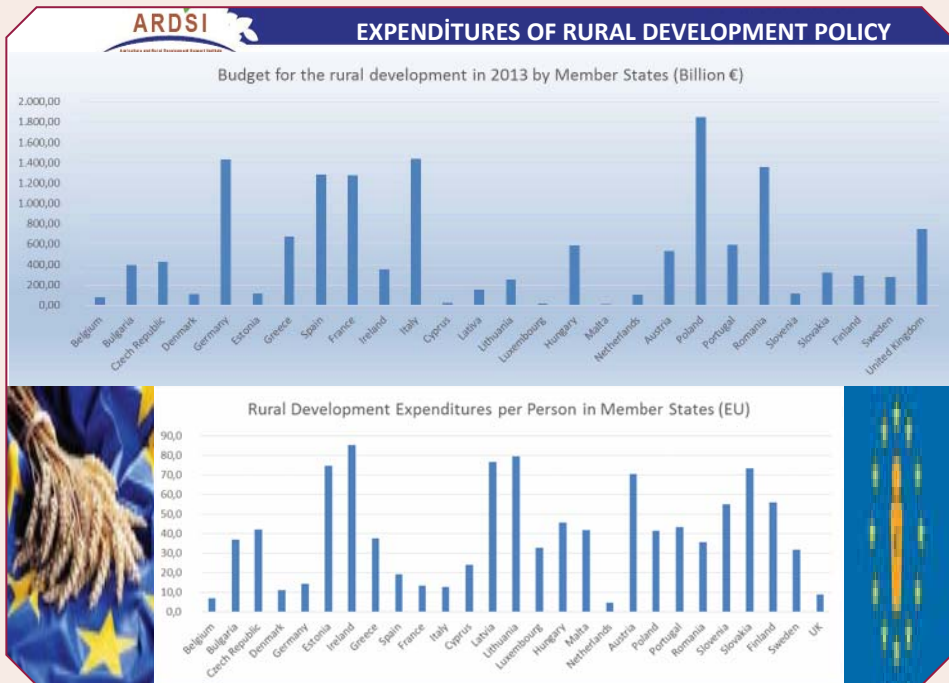
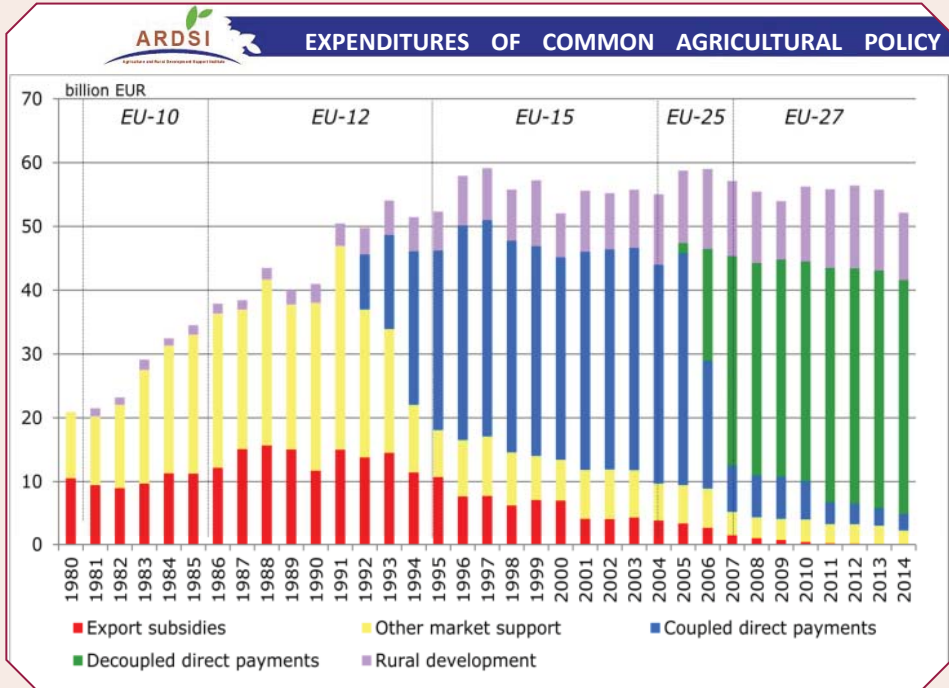
EXPENDITURE OF EU BUDGET


DISRTRUBUTION OF CAP EXPENDITURES (Mil.€)

Sustainable growth: natural resources	59,190.90
European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	43,778.10
European Agricultural Fund for Rural Development (EAFRD)	13,991.00
European Maritime and Fisheries Fund (EMFF)	941.00
Environment and climate action (LIFE)	480,80
Actions financed under the prerogatives of the Commission	7.30
Pilot projects and preparatory actions	18.50
Decentralized agencies	50.40

CAP spending as percentage of total budget








FUTURE OF COMMON AGRICULTURE POLICY

CAP REFORM 2014-2020

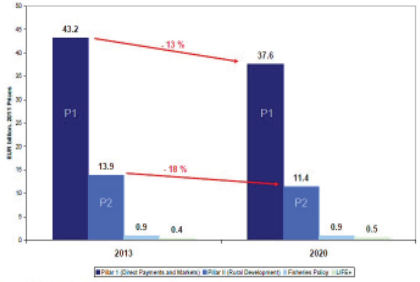
For more than twenty years, starting in 1992, the CAP has been through successive reforms. The new policy (2014-2020) will continue along this reform path, moving from product to producer support.




STRATEGIC OBJECTIVES OF RD POLICY

- fostering the competitiveness of agriculture;
- ensuring the sustainable management of natural resources, and climate action;
- achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.

Heading 2 ceilings: 2013 level compared to 2020 level (EUR billion in 2011 Prices)



Source: Elaboration by EP Policy Department B. Source of data: <http://register.consilium.europa.eu/pdf/ea/12/e08/e08288.en12.pdf>. The rural development allocation for 2020 only includes compulsory modulation.



THE MAIN RURAL DEVELOPMENT PROGRAMS

IPARD PROGRAM

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The sectors targeted by the Programme are:

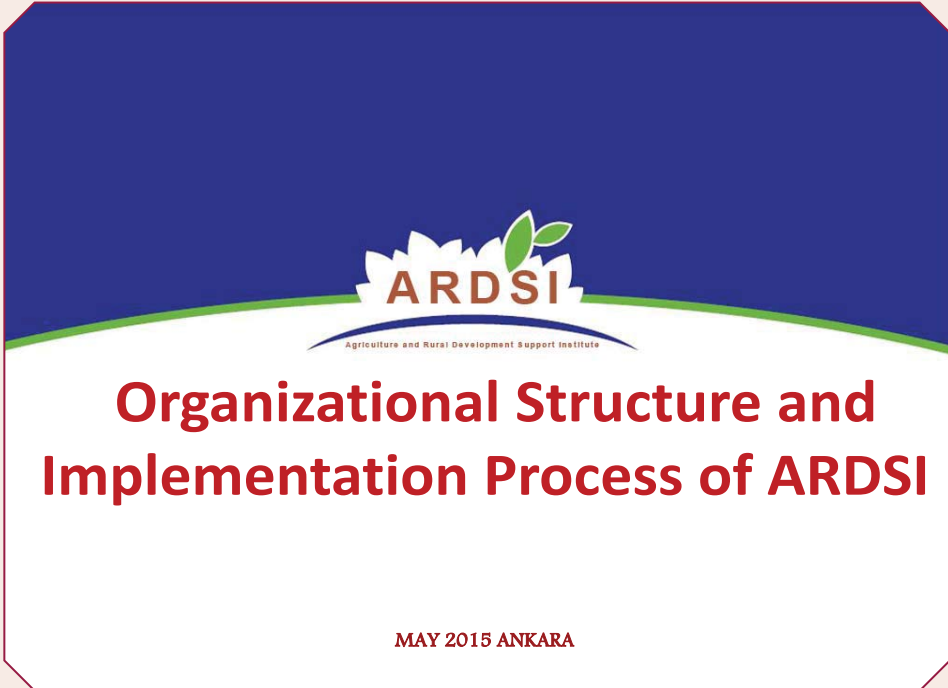
- Milk and Meat Producing Holdings
- processing and marketing of agricultural products
- Diversification of rural development activities

The Programme has been designed for implementation totally in 42 provinces out of 81 provinces of Turkey











CONTENT OF THE PRESENTATION

- 1- What is Instrument for Pre-Accession (IPA) and IPA-RD ?
- 2- Objectives of IPARD
- 3- Content of the IPARD Programme and the sectors supported
- 4- Agriculture and Rural Development Institution (ARDSI) and its organizational structure
- 5- Implementation Processes of RD programme
- 6- Some figures regarding supports
- 7- Few examples of the investments supported by ARDSI



What is EU's Instrument for Pre-Accession Assistance (IPA) ?



- The **I**nstrument for **P**re-Accession **A**ssistance (**IPA**) offers assistance to countries(*the former Yugoslav Republic of Macedonia, Croatia, Turkey*) engaged in the accession process to the **European Union (EU)** for the period 2007-2013.
- The aim of the **IPA** is to enhance the efficiency and coherence of aid by means of a single framework in order to strengthen institutional capacity, cross-border cooperation, economic and social development and rural development.
- Pre-accession assistance supports the stabilization and association process of EU candidate countries and potential candidate countries while respecting their specific features and the processes in which they are engaged.





What is Instrument for Pre-Accession Assistance (IPA) ?

European Union Pre-Accession Policies: IPA & IPARD;



To ensure targeted, effective and coherent action, the IPA is made up of **five components**, each covering priorities defined according to the needs of the beneficiary countries. Two components concern all beneficiary countries:

- the “**support for transition and institution-building**”
- the “**cross-border cooperation**”

(Potential Candidates: Albania, Bosnia and Herzegovina, Iceland, Montenegro, Serbia including Kosovo)

The other three components are aimed at candidate countries only:

- the “**regional development**”
- the “**human resources development**”
- the “**Rural Development**” (IPA-RD) component, which concerns preparation for the common agricultural policy and related policies *(We are here!)*



What are the objectives of IPARD ?

The objective of IPARD are:



1. to provide assistance for the implementation of the *acquis* concerning the EU Common Agricultural Policy, to encourage the alignment to EU standards in the fields of food security, animal health, plant health and environment
2. to contribute to the sustainable adaptation of the agricultural sector and rural areas.

These objectives are to be met by implementation of **9 different measures under 3 priority axes**: *(IPARD Programme is a must!)*

Axis 1 - Improving Market Efficiency and Implementing Community Standards,

Axis 2 - Preparatory actions for implementation of the agri-environmental measures,

Axis 3 - Development of the Rural Economy.

All Candidate Countries must prepare an IPARD Programme covering 7 year period and it must be implemented by an accredited IPARD Agency



TKDK
Türkiye Kırıl Köylere Geliştirme Kurumu

Content of the IPARD Programme in General

The IPARD Programme must cover exactly the issues below

(6) a description of each of the measures selected, including, national minimum standards, national legislation relevant to the programme, evidence of targeting, confirmation that verifiability and controllability of measures have been ensured.

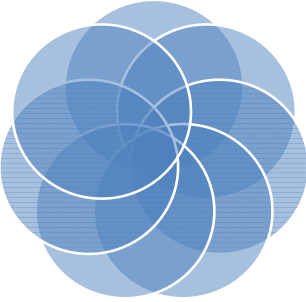

(5) an indicative overall financial table;

(4) a description of the existing national rural development strategy;

(1) a description of the current situation, SWOT and identification of needs, by providing a quantified description of the current situation showing disparities, shortcomings and potential for development;

(2) SWOT analyses (strengths, weaknesses, opportunities and threats) focussing on a few specific areas;

(3) an overview of main results of previous intervention, by national funds, Union assistance or multilateral assistance;

TKDK
Türkiye Kırıl Köylere Geliştirme Kurumu

Content of the IPARD Programme in General-*con't*

(12) a description of the actions taken to ensure the availability of sufficient technical and advisory capacity for the proper implementation of the programme.

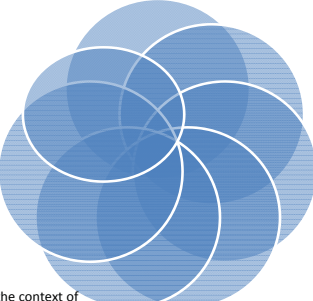

(11) a description of provisions linked to the equality between men and women and non-discrimination promoted at various stages of programme (design, implementation, monitoring and evaluation);


(10) a description of actions foreseen in the context of publicity, visibility and transparency in accordance with IPA legislation, to inform potential beneficiaries, professional organisations, economic, social and environmental partners, bodies involved in promoting equality between men and women and NGOs about possibilities offered by the programme and rules of gaining access to funding;

(7) summary description of management and control structure;

(8) a description of the results of consultations on programming and provisions to involve relevant authorities and bodies as well as appropriate economic, social and environmental partners;

(9) the results and recommendations of the ex-ante evaluation of the programme;



Soul of the IPARD: 9 different measures under 3 priority axes:

Axis 1 - Improving Market Efficiency and Implementing EU Standards
Measures:


1. Investments in agricultural holdings to restructure and upgrade to the EU standards
2. Investments in processing and marketing of agriculture and fishery products to restructure and upgrade to the EU standards
3. Supporting the setting up of producer groups

Axis 2 - Preparatory actions for implementation of the agri-environmental measures
Measures:

4. Preparation for implementation of actions relating to environment and the countryside
5. Preparation and implementation of local rural development strategies


Axis 3 - Development of the Rural Economy
Measures:

6. Improvement and development of rural infrastructure
7. Development and diversification of rural economic activities
8. Training
9. Technical assistance




WHO ARE WE? WHAT IS OUR MISSION?




Who are we?

Establishment of ARDSI :18th May 2007
ARDSI Conferral of Management :29th August 2011

**Agriculture
and Rural
Development
Support
Institution**

- Established by law No. 5648
- Public Legal Entity
- Administrative and financial autonomy
- Special budgeted administration
- Related Institution of Ministry of Food, Agriculture and Livestock


Who are we?



**AGRICULTURE AND RURAL DEVELOPMENT SUPPORT
INSTITUTION
(ARDSI)**

An Accredited Institution by European Union

Objective: Implementation of IPARD Programme in order to help Agricultural holdings to reach EU Standards and help development of rural areas in Turkey.





IPARD PROGRAMME in TURKEY

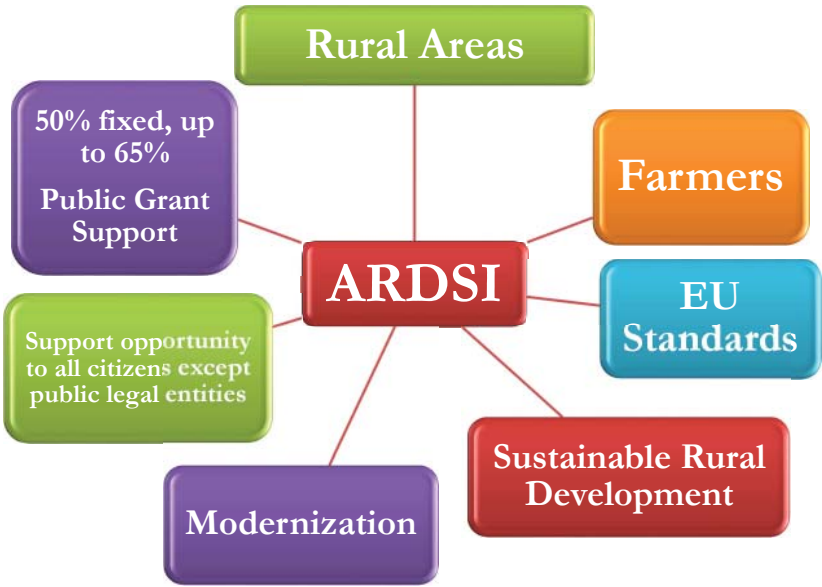


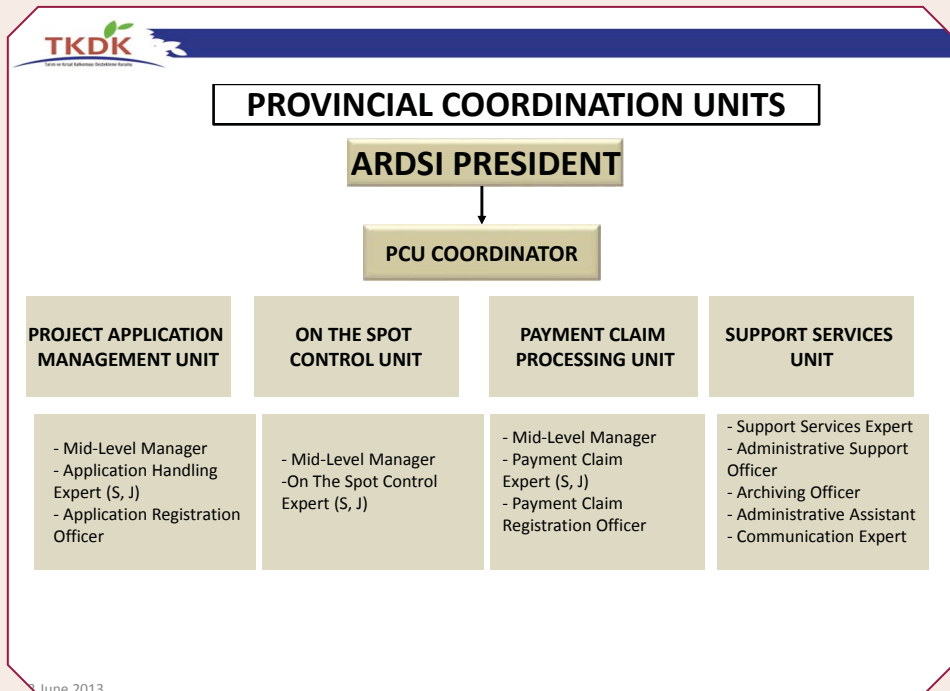
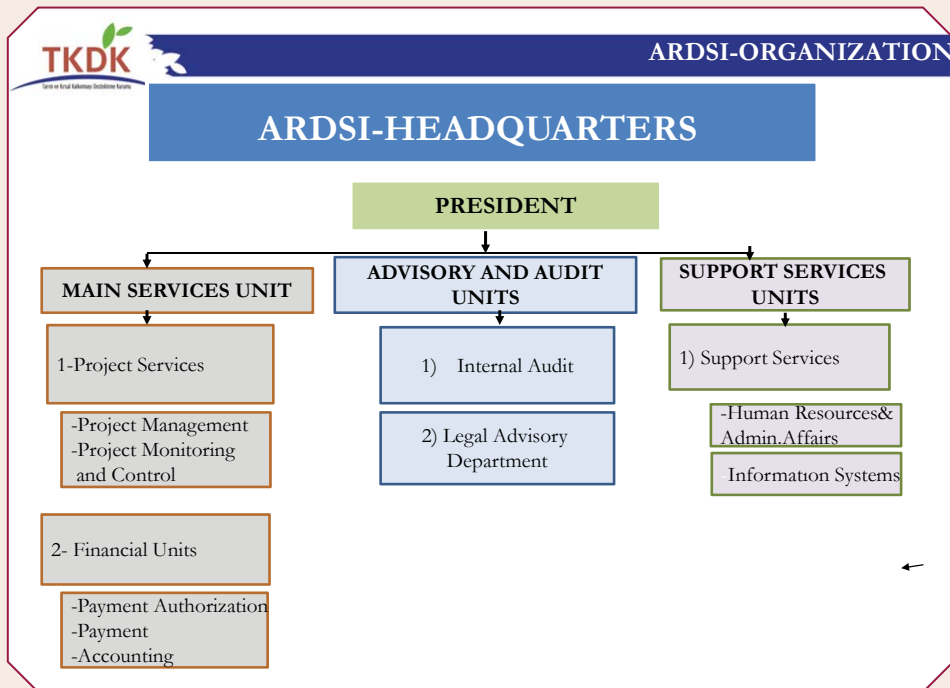
ARDSI currently implements the IPARD Programme:

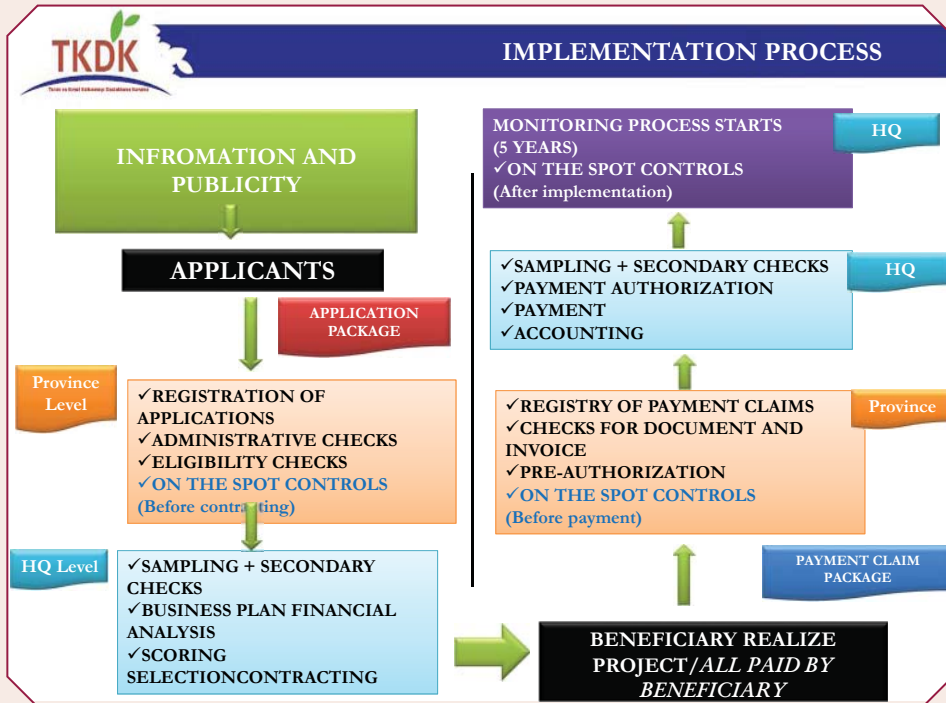
- An Agriculture and Rural Development Programme (2007-2013), prepared by MFAH,
- Approved by European Commission in 2008
- After accreditation (*Conferral of Management Powers*) of ARDSI by EU, the programme is started to be implemented in August 2011, in 42 Provinces of Turkey.

The strategic objectives to be pursued by IPARD Programme are:

- to contribute to the modernisation of the agriculture sector (including processing) through targeted investments while at the same time
 - encouraging the improvement of EU acquis related food safety, veterinary, phyto-sanitary, environmental or other standards
- to contribute to the sustainable development of rural areas.
- preparatory action for implementation of the agri-environmental measures and local rural development strategies.







IMPLEMENTING PRINCIPLES OF ARDSI : MAIN CONTROL POINTS

Main control points within the CUPM operational flows of ARDSI for good financial management practices is as below:

Main Control Points	Objective of the Controls
Administrative Controls (<i>completeness and eligibility checks</i>) of the Application Packages by using CKLs: 1101-1111 /per sub-measure	Determination of existence and validity of the documents and certificates required based on IPARD Program and Sectoral Agreement.
Completeness and Eligibility controls of the offers collected by the applicants within the scope of expenditures of the project.- (Docs. 1124 ve 1117)	Conformation of the validity of the offers (<i>min. 3 offers for the expenditures above 10.000 Euro</i>)
Checking each expenditure foreseen in the project whether they are eligible or not within IPARD and control of their prices as well. (Doc.1120 and 1128)	Conformation of all expenditures in the projects according to LEEs and comparison of the prices in offers with the market prices.
Control of financial sustainability and economical profitability of the project.- Analysis of the Business plans of the projects- (Doc.2102)	Determination of the financial sustainability and economical profitability of the projects within 10 years projection.
Controls of the Application Packages whether they are copied or manipulated.(Doc.2002 and annexes)	To ensure the genuineness, fair competition conditions and transparency of applications in scope of IPARD programme and to prevent intentional activities and manipulations which damage above mentioned conditions and to provide requirements of "sound financial management principles" and in this context to take necessary measurements and create control mechanisms.

June 2013





IMPLEMENTING PRINCIPLES OF ARDSI : MAIN CONTROL POINTS

Main control points with the CUPMC – On-the-spot Control operational flows of ARDSI for good financial management practices is as below:

Main Control Points	Objective of the Controls
Assessment of the technical project of the designed system within the scope of the project	Assessment of the applicability of the investment and eligibility of the expenditures within the scope of the submitted project and list of eligible expenditures
Calculation of financial sustainability risk and control of sustainability	Assessment of sustainability status and sustainability risk of the investment in ex-post period.
Eligibility control of the expenditures and payments	Eligibility control of the supported items within the scope of investment in the ex-post period

13 June 2013



IMPLEMENTING PRINCIPLES OF ARDSI : MAIN CONTROL POINTS

Main control points within the CUPA – Administrative Control operational flows of ARDSI for good financial management practices is as below:

Main Control Points	Objective of the Controls
Continuity control of eligibility of the Beneficiary	It is aimed to enable the eligibility of the Beneficiary to the IPARD criteria.
Compatibility control to the Contract	It is aimed to control the compatibility of the expenditures realized by the Beneficiary to the Contract awarded with ARDSI and other legislations.
Eligibility control of the expenditures and payments	It is aimed to enable the eligibility of the expenditures and payment documents within the frame of the project of the Beneficiary.
Control of financial thresholds	It is aimed to control whether the thresholds stated in IPARD programme has been exceeded or not.





IMPLEMENTING PRINCIPLES OF ARDSI : MAIN CONTROL POINTS

Main control points within the CUPA – On the Spot Control operational flows of ARDSI for good financial management practices is as below:

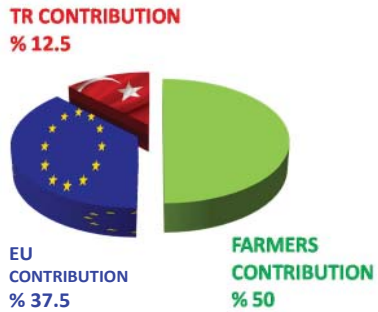
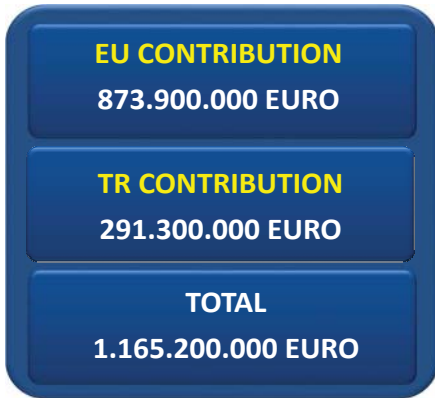
Main Control Points	Objective of the Controls
Control of accounting records and Financial Sustainability Analysis	The aim of this control is to determine whether the beneficiary keeps accounting records in line with provisions of the Contract and is to check the company's financial sustainability.
On The Spot Control Of The Construction Works:	The control table in this section is filled for determining whether the quantity of all construction work items which are mentioned in administrative control result in 4107 form are carried out during the implementation period or not.
On The Spot Control Of Machinery And Equipment:	For the machinery purchases, physical control is performed to check whether the machine is second hand or not. Specifications such as serial number, model are certificate for assurance confirmed.
On The Spot Control of General Cost:	Each invoice item and bank statement should be verified by cross controlling of the accounting records of the beneficiary.
On The Spot Control of Visibility:	Beneficiary should ensure visibility before submission date of first payment claim package and that should be stay in place till financial closure of the investment. It should be controlled regardless of whether there is a payment claim about visibility in payment claim package or not.

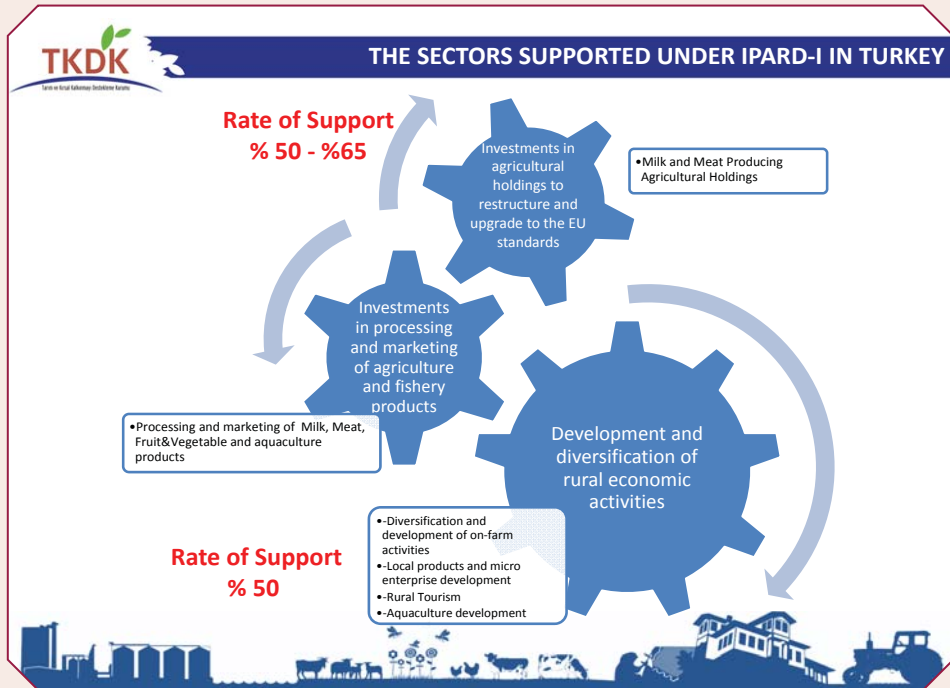
03 June 2015



FINANCIAL RESOURCES OF IPARD

IPARD RESOURCES





TKDK
Türkiye'nin Kırsal Kalkımına Destekleyen Kurum

ELIGIBLE INVESTMENTS UNDER IPARD

4 INVESTMENT AREAS

CONSTRUCTION/ RENOVATION OF BUILDINGS	MACHINERY & EQUIPMENT	GENERAL COSTS	VISIBILITY COSTS
Construction/ extension, modernization of open, semi-open and closed stables/ barns, processing enterprises, rural tourism buildings....	-silage handling equipment and machinery, on-farm animal feed preparation, handling, distribution systems and storage, -milking rooms facilities, milk cooling and storage as well as on-farm milk transportation equipment, -investments made for manure handling, storage and treatment facilities, -animal handling equipment and facilities (e.g. weighing, disinfection,), -watering systems, -purchase of specialized technological equipment including IT and software -the purchase of new machinery and equipment including computer software related to processing of milk, meat , aquaculture products....	General costs such as architects', engineers' and other consultation boards fees, feasibility studies.	Sign-

TKDK		FIGURES OF SUPPORT	
SECTOR SUPPORTED	NUMBER OF PROJECTS SUPPORTED SO FAR	GRANT AMOUNT SO FAR (EURO)	
MILK PRODUCING HOLDINGS	451	129.305.274,6	
RED MEAT PRODUCING HOLDINGS	335	78.715.519,9	
POULTRY MEAT	535	122.608.676,4	
PROCESSING OF MILK AND MILK PRODUCTS	69	27.578.690,7	
PROCESSING OF MEAT AND MEAT PRODUCTS	44	17.813.418,2	
PROCESSING OF FRUIT AND VEGETABLES	55	196.27.363,7	
PROCESSING OF AQUACULTURE	12	4.795.563,4	
BEE KEEPING AND GREENHOUSE	5505	76.684.197,9	
LOCAL PRODUCTS AND HANDYCRAFTS	101	10.404.471,6	
RURAL TOURISM	89	9.847.294,2	
AQUACULTURE	8	437.625,6	
TOTAL	7204	497.818.096,7	

TKDK		THE NUMBER OF MACHINERY EQUIPMENT SUPPORTED	
SECTOR	THE NUMBER OF MACHINERY EQUIPMENT SUPPORTED		
MILK PRODUCING HOLDINGS	109.230		
RED MEAT PRODUCING HOLDINGS	136.831		
PROCESSING OF MILK AND MILK PRODUCTS	36.975		
PROCESSING OF MEAT AND MEAT PRODUCTS	13.337		
PROCESSING OF FRUIT AND VEGETABLES	3.663		
PROCESSING OF AQUACULTURE	8.399		
BEE KEEPING AND GREENHOUSE	213.526		
LOCAL PRODUCTS AND HANDYCRAFTS	1.774		
RURAL TOURISM	31.671		
AQUACULTURE	9.794		
TOTAL	565.200		



IPARD FIGURES AS OF TODAY

Number of Contracted Projects	: 7876
Total Investment Amount	: 1.232.865.211 EURO
Total Grant Amount to be given	: 709.847.577,6 EURO
Granted Amount <i>so far</i>	: 497.818.096,7 EURO

Number of Machinery Equipment	: 565.200
Total Employment	: 32.361
Direct Employment	: 14.356



II. IPARD PROGRAM

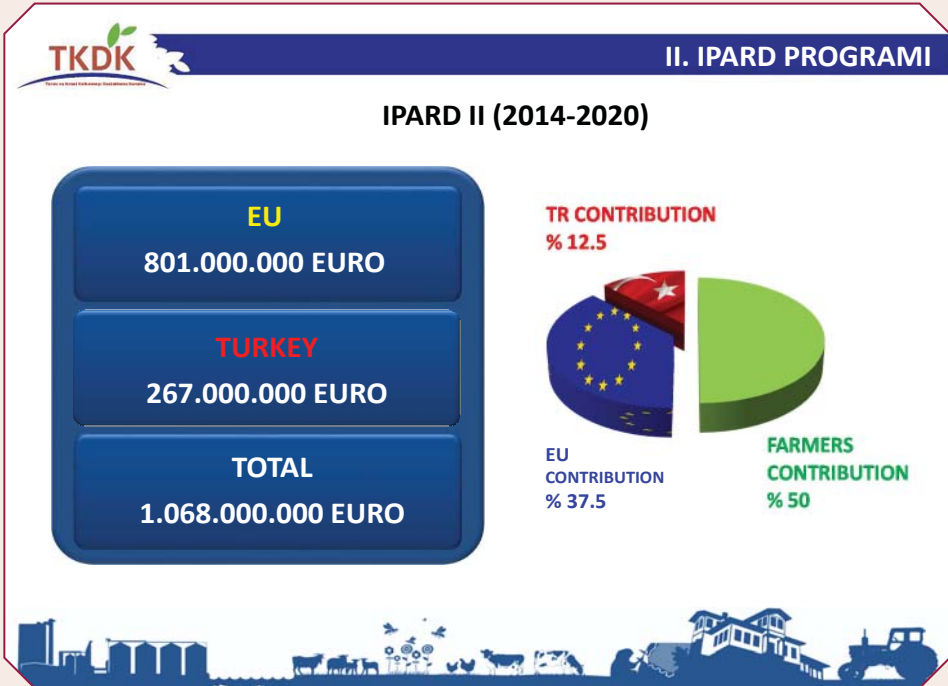
IPARD II (2014-2020)

- IPARD II PROGRAMME WILL BE IMPLEMENTED BETWEEN 2014-2020
- THE PROGRAMME WILL BE IMPLEMENTED IN 42 PROVINCES AGAIN
- TOTAL EU CONTRIBUTION IS PLANNED TO BE ABOUT 800 MILLION EURO

SECTORS TO BE SUPPORTED UNDER IPARD-II

101 / 103 / 302
 AGRI-ENVIRONMENT-ORGANIC FARMING
 RURAL INFRASTRUCTURE
 TECHNICAL ASSISTANCE





TKDK
Türkiye Kalkınma Bankası

MILK PROCESSING



TKDK
Türkiye Kalkınma Bankası

INVESTMENT IN AGRICULTURAL HOLDINGS





PROCESSING ENTERPRISE




RURAL TOURISM





TKDK **POULTRY MEAT**



The top-left image shows the interior of a large, modern poultry house with rows of chickens and red feeders. The top-right image shows the exterior of a long, single-story metal poultry house with a red roof. The bottom-left image is another interior view of a poultry house, showing a different perspective of the rows of chickens. The bottom-right image shows an outdoor farm scene with a large metal silo, a tractor, and a dirt road.

TKDK **BEE KEEPING**



The top-left image shows stacks of yellow and white beehives. The top-middle image is a sign for a beekeeping project, with text in Turkish and a date of 07/11/2013 10:53. The top-right image is a close-up of a yellow beehive with a white lid. The bottom image shows a red tractor with a trailer, parked in front of a building.



TKDK

AFRODİT –RURAL TOURISM



TKDK

RURAL TOURISM





TKDK

INVESTMENT IN MILKING ENTERPRISES



TKDK

MUÇUOĞLU - SİVAS













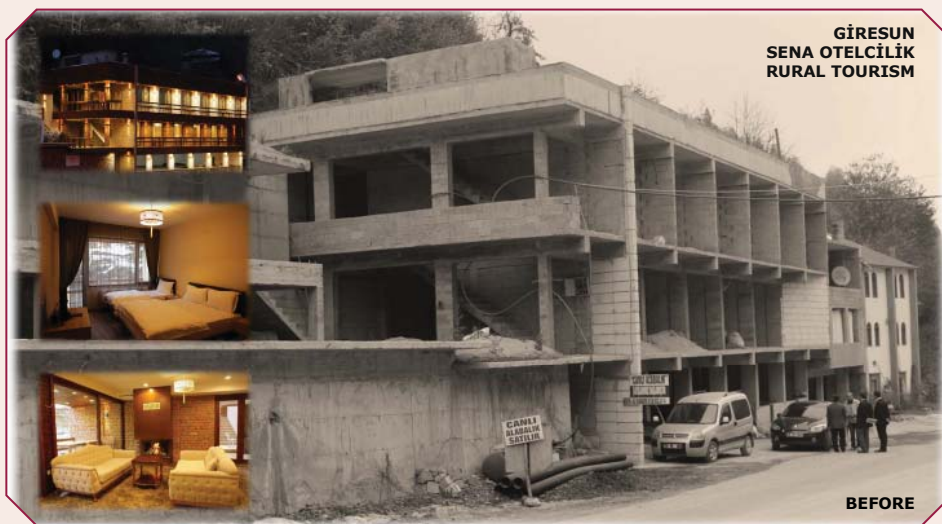




NEVŞEHİR
SÜTKA
MILK PRODUCTION



UŞAK
URZİYE KANDEMİR
POULTRY CULTURE RAISING





THANK YOU

mehmet.turhan@tkdk.gov.tr
Tel: 0(312) 409 14 00/5521





Preparation and Evaluation of Projects & PCM

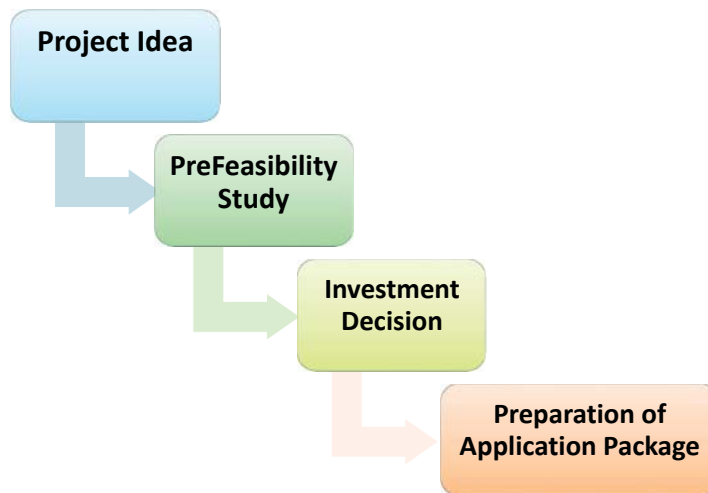
May 2015, ANKARA

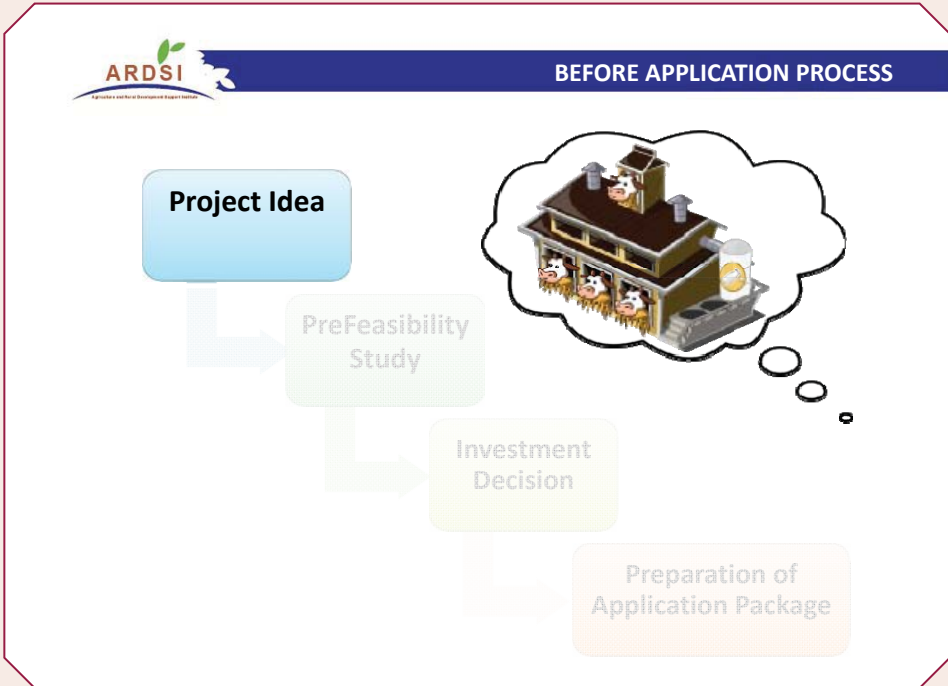


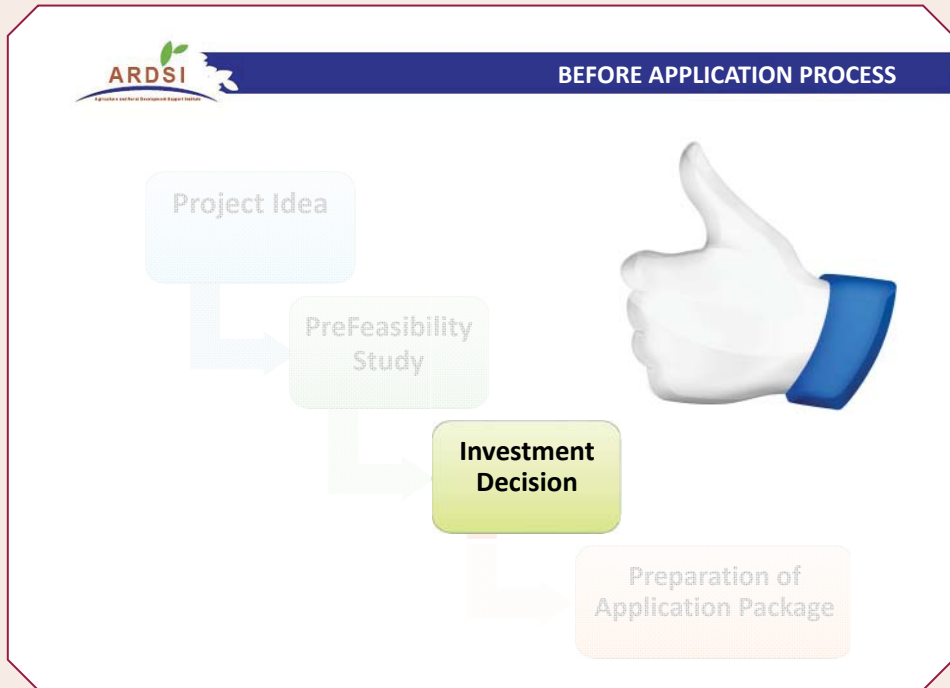
CONTENT OF THE PRESENTATION

- BEFORE APPLICATION PROCESS
- APPLICATION FOR GRANT SUPPORT
- EVALUATION OF PROJECTS
- BUSINESS PLAN & ECONOMIC ANALYSIS
- PCM



**BEFORE APPLICATION PROCESS****BEFORE APPLICATION PROCESS**



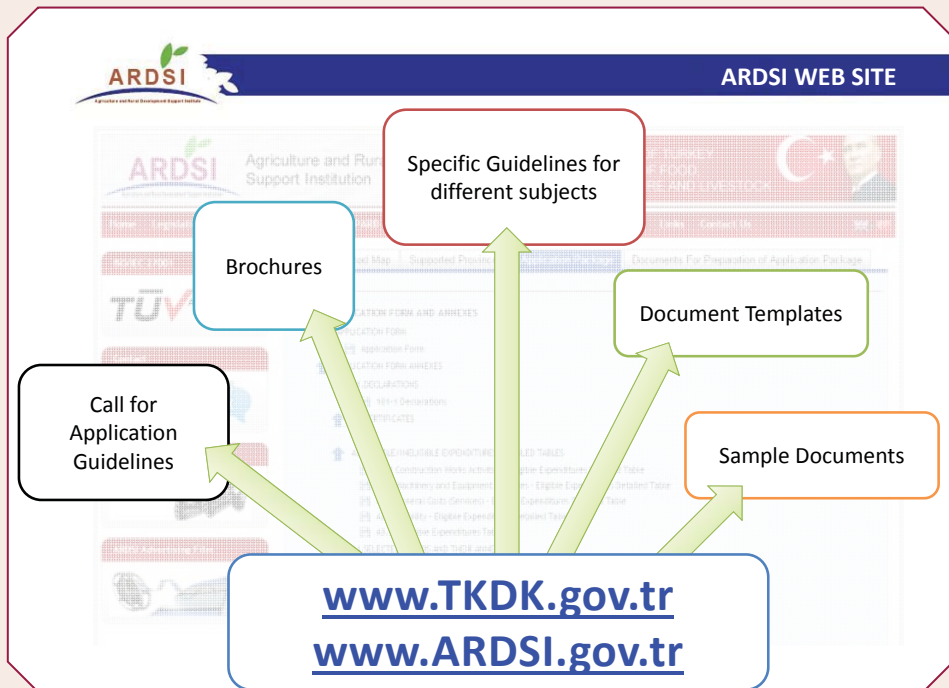


 **APPLICATION FOR GRANT SUPPORT**

 **ARDSI WEB SITE**


The screenshot shows the ARDSI website interface. At the top, it features the ARDSI logo and the text 'Agriculture and Rural Development Support Institution'. To the right, it identifies the 'REPUBLIC OF TURKEY MINISTRY OF FOOD, AGRICULTURE AND LIVESTOCK' and includes a small portrait of a man. A navigation menu below the header lists 'Home', 'Legislation', 'Corporate', 'E-Bulletins', 'IPARD', 'IPARD Project Processes', 'Announcements & News', 'Links', and 'Contact Us'. The main content area is titled 'Application Road Map' and lists several categories: 'A-APPLICATION FORM AND ANNEXES', 'APPLICATION FORM', 'APPLICATION FORM ANNEXES', 'A1. DECLARATIONS', 'A2. CERTIFICATES', 'A3. ELIGIBLE/INELIGIBLE EXPENDITURES DETAILED TABLES', and 'A4. SELECTED OFFERS AND THEIR ANNEXES'. Each category has a corresponding icon and a list of sub-items. On the left side of the page, there are four red-bordered boxes: 'ISG/EC 2001', 'TUV AUSTRIA', 'Contact' (with a phone icon and '444 85 35 TKDK'), and 'ARDSI Promotional Film' (with a film strip icon). At the bottom of the screenshot, there is a blue rounded rectangle containing the website addresses: www.TKDK.gov.tr and www.ARDSI.gov.tr.






The screenshot shows the 'APPLICATION PACKAGE' section of the ARDSI website. It features the ARDSI logo and a list of application components:

- ✓ **A – Application Form & Annexes**
 - ➔ Declarations
 - ➔ Official Documents
 - ➔ Detailed List of Expenditure Items
 - ➔ Selected & Unselected Offers
 - ➔ Technical Drawings
- ✓ **B – Business Plan**
- ✓ **C – Technical Project**

To the right of the list, there is an illustration of three green ring-bound folders, representing the application package.



APPLICATION PACKAGE

✓ A – Application Form & Annexes

- ➔ Declarations
- ➔ Official Documents

A
APPLICATION FORM

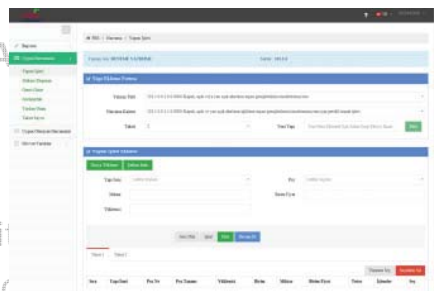
MEASURE NO : 101
 INVESTMENTS IN AGRICULTURAL HOLDINGS TO RESTRUCTURE AND
 UPGRADE TO COMMUNITY STANDARDS

Sub Measure No: 1
 MILK PRODUCING AGRICULTURAL HOLDINGS


ORIGINAL FIRST COPY SECOND COPY

INVESTMENT'S NAME: _____
 INVESTMENT'S PERIOD: _____ MONTHS _____ DAYS


INVESTMENT IS RELATED TO:
 NEW AGRICULTURAL HOLDING EXISTING AGRICULTURAL HOLDING



Online Application



Printout




APPLICATION PACKAGE

✓ A – Application Form & Annexes

- ➔ Declarations
- ➔ Official Documents
- ➔ Detailed List of Expenditure Items
- ➔ Selected & Unselected Offers
- ➔ Technical Drawings

✓ B – Business Plan

✓ C – Technical Project


APPLICATION PACKAGE


✓ A – Application Form & Annexes

- ⇒ Declarations
- ⇒ **Official Documents**
- ⇒ Detailed List of Expenditure Items
- ⇒ Selected & Up
- ⇒ Technical Draw

- Land Registration
- Social Security Records
- Occupational Skills
- Specimen of Signature etc...

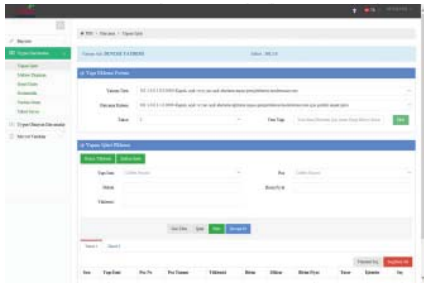
✓ B – Business Plan

✓ C – Technical Project


APPLICATION PACKAGE

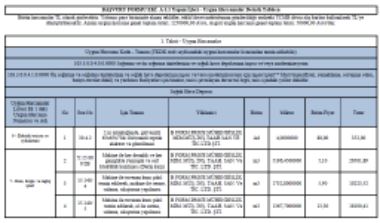
✓ A – Application Form & Annexes

- ⇒ Declarations
- ⇒ Official Documents
- ⇒ **Detailed List of Expenditure Items**



Online Application

➔



Printout



✓ **A – Application Form & Annexes**

- ➔ Declarations
- ➔ Official Documents
- ➔ Detailed List of Expenditure Items
- ➔ **Selected & Unselected Offers**
- ➔ Technical Drawing

✓ **B – Business Plan**

✓ **C – Technical Project**

- 3 Offer Rule
- Invitation Letters
- Technical Specifications
- Offers



✓ **A – Application Form & Annexes**

- ➔ Declarations
- ➔ Official Documents
- ➔ Detailed List of Expenditure Items
- ➔ Selected & Unselected Offers

➔ **Technical Drawings**

✓ **B – Business Plan**

✓ **C – Technical Project**

- Architectural Drawings
- Mechanical Installation Projects
- Electrical Installation Projects
- Static Project





APPLICATION PACKAGE

✓ A – Application Form & Annexes

- Declarations
- Official Documents
- Detailed L...
- Selected &...
- Technical ...

- A document that includes;
 - Background information of the applicant
 - What is planned to do by the applicant
 - How the applicant will achieve his/her goals
 - Summary of financial projection

✓ B – Business Plan

✓ C – Technical Project



APPLICATION PACKAGE

✓ A – Application Form & Annexes

- Declarations
- Official Documents
- Detailed L...
- Selected &...
- Technical ...

KREDİTİM ARZI İÇERİCİ				MADDİ EKİPMAN BAZINDA MADDİ BAKANİ		(C) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ						
(C) KREDİTİM ARZI İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(C) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(C) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(C) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(C) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(C) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ	(B) İÇİCİ YER ALAN MAKNELERİN İLEME KAPASİTELERİ BELLEKLİCİ TERNİCİ ÖZELLİKLERİ

- A detailed document that shows;
 - Justifications for machinery to be purchased
 - Justifications for constructions to be built

✓ C – Technical Project

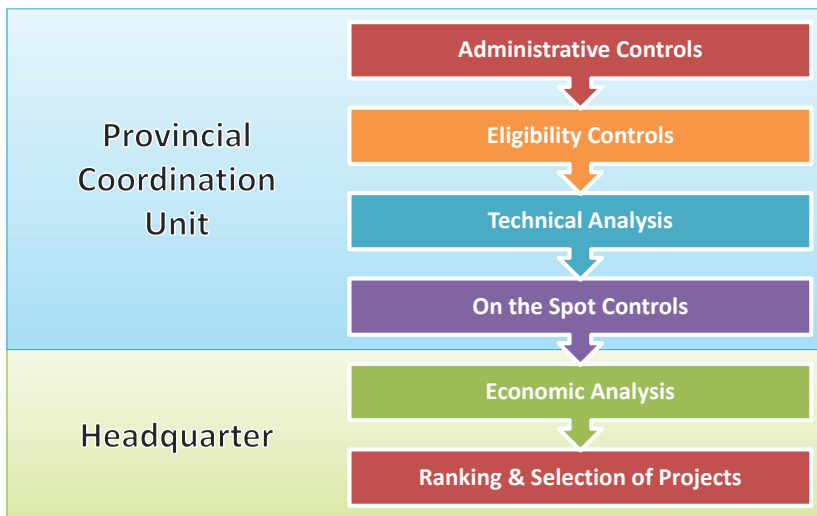


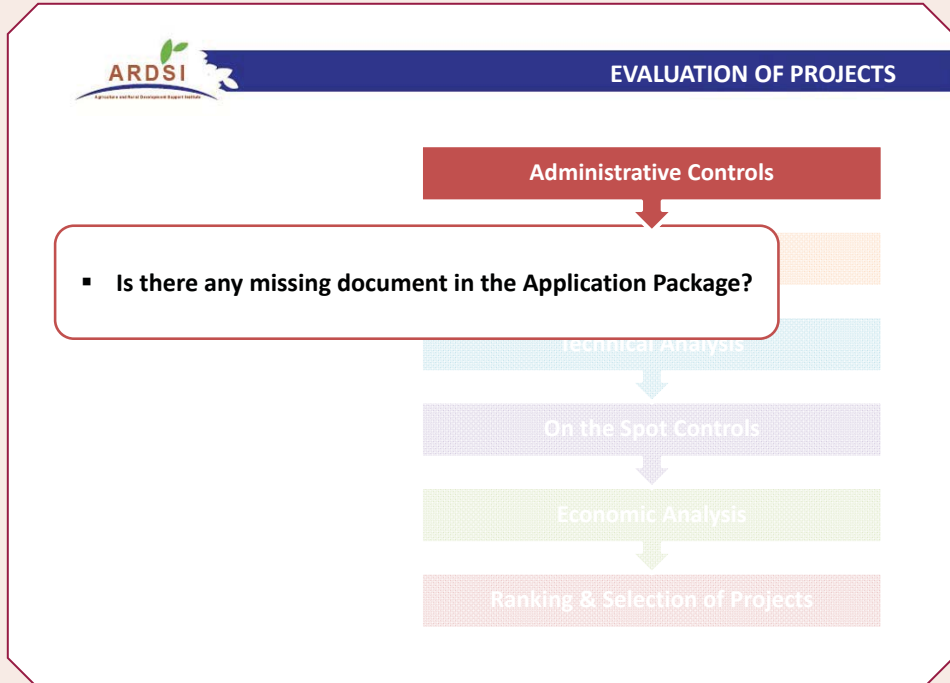
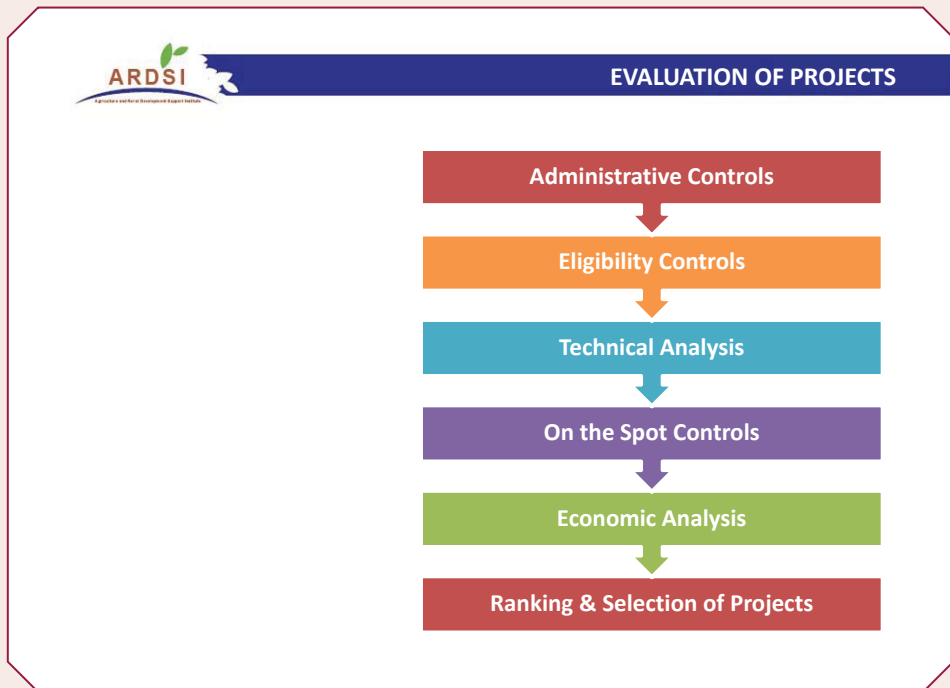


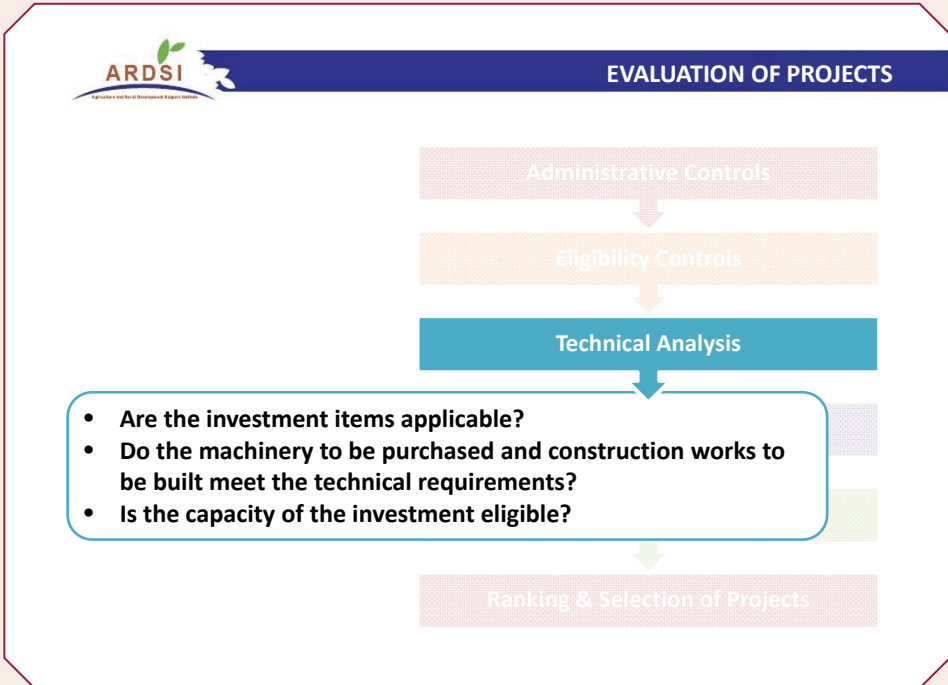
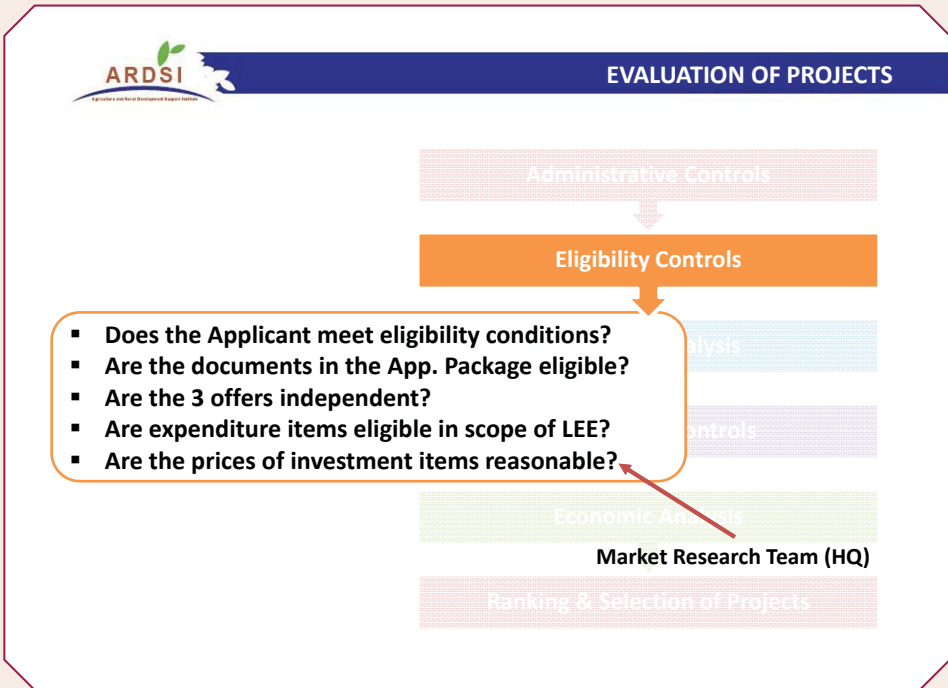
EVALUATION OF PROJECTS

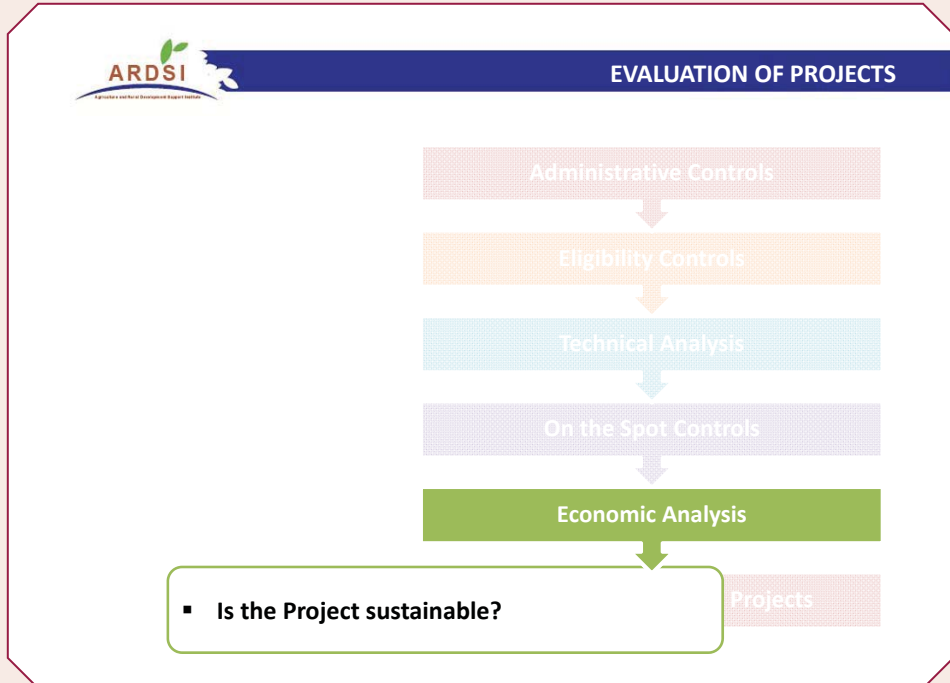
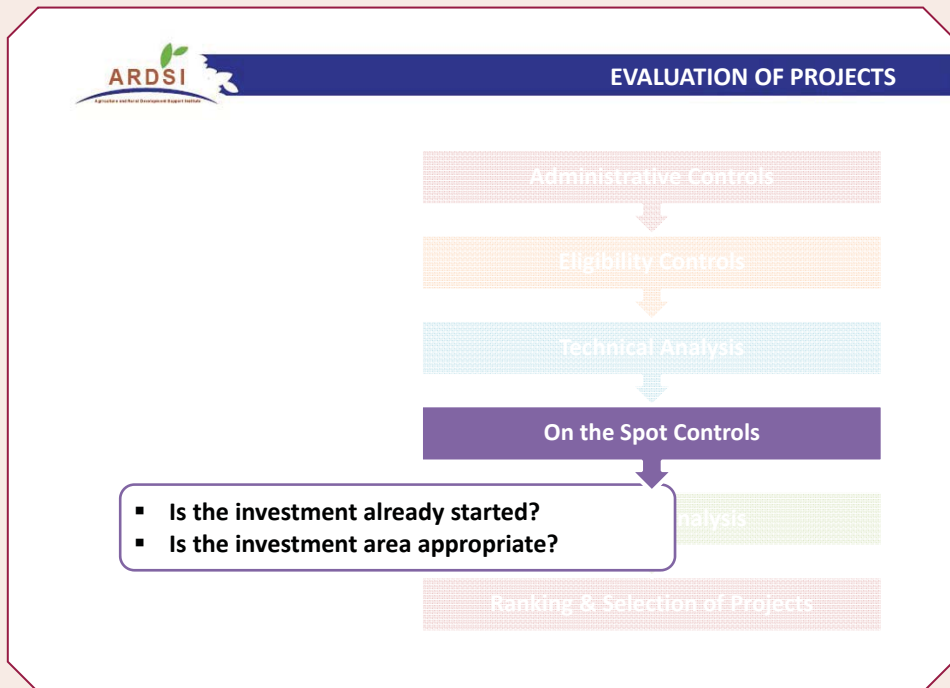


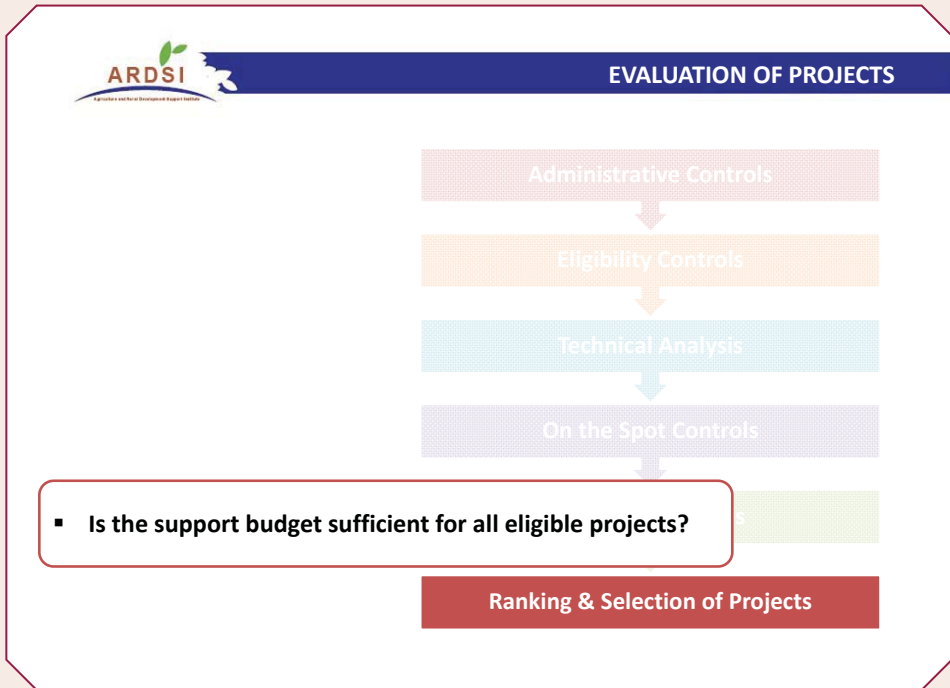
EVALUATION OF PROJECTS











ARDSI Agriculture and Rural Development Support Institute

EVALUATION OF PROJECTS

Administrative Controls

Eligibility Controls

Technical Analysis

TKDK

TKDK



BUSINESS PLAN & ECONOMIC ANALYSIS



BUSINESS PLAN TEMPLATES

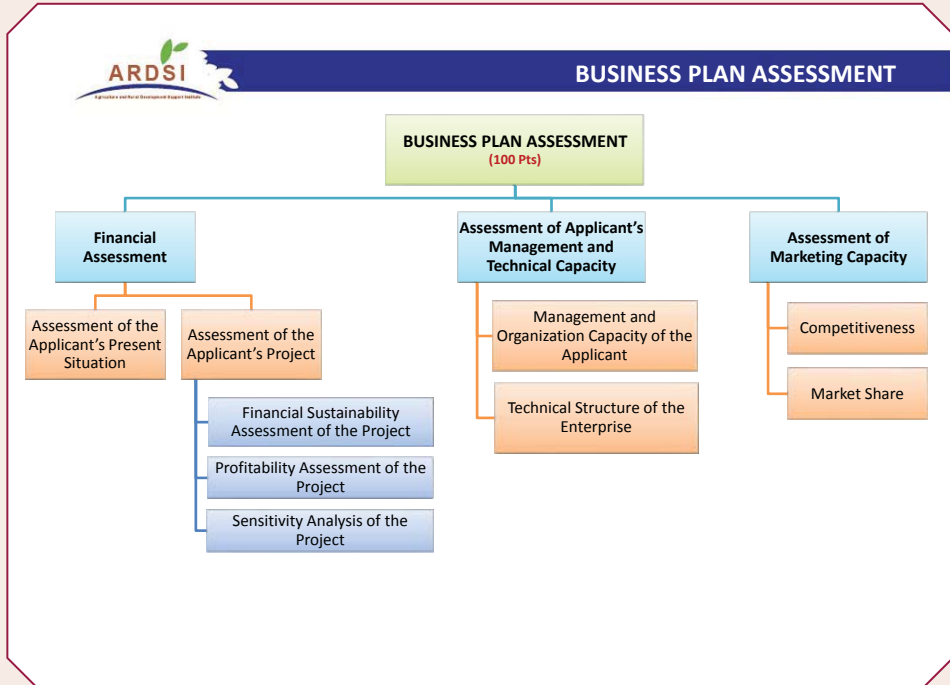
➔ **B1 Business Plan** : For small scale investments (If eligible expenditure amount is less than 500.000 TL)

The image shows a screenshot of a web-based form titled 'B-1 İŞ PLANI'. The form is part of the 'TARIM VE KIRSAL KALKINIMARI DESTEKLEME KURUMU' (Agriculture and Rural Development Support Institution). It includes fields for 'TARIMCI ADI', 'İlçe', 'Yıl', 'Tarih', and 'Etiler No'. Below the form, there is a small text block providing information about the 'B-1 İş Planı' template, including its purpose and the institution's contact details.

The image shows a screenshot of a web-based form titled 'B-2 İŞ PLANI'. The form is part of the 'TARIM VE KIRSAL KALKINIMARI DESTEKLEME KURUMU' (Agriculture and Rural Development Support Institution). It includes fields for 'TARIMCI ADI', 'İlçe', 'Yıl', 'Tarih', and 'Etiler No'. Below the form, there is a small text block providing information about the 'B-2 İş Planı' template, including its purpose and the institution's contact details.

➔ **B2 Business Plan**: For large scale investments (If eligible expenditure amount is more than 500.000 TL)





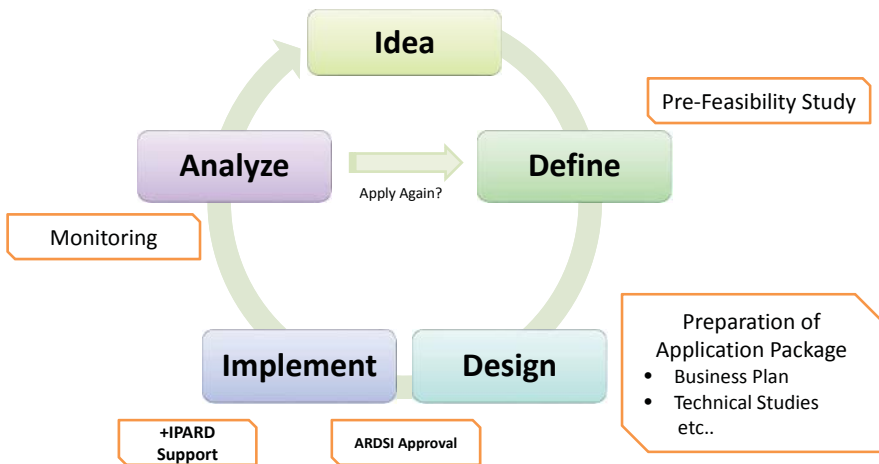




PROJECT CYCLE



PROJECT CYCLE



Thank You

Ahmet YAZAR
ahmet.yazar@tkdk.gov.tr



www.tkd.gov.tr



Agriculture and Rural Development Support Institution

On the Spot Controls

Workshop on Exchange of Information on Rural Development Policies
between D-8 Countries and ARDSI and SESRIC
14 May 2015, Ankara





OUTLINE

- **I. PART: BEFORE CONTRACTING ON THE SPOT CONTROLS**
 - **AIM OF THE CONTROLS**
 - **CONTROL APPROACH**

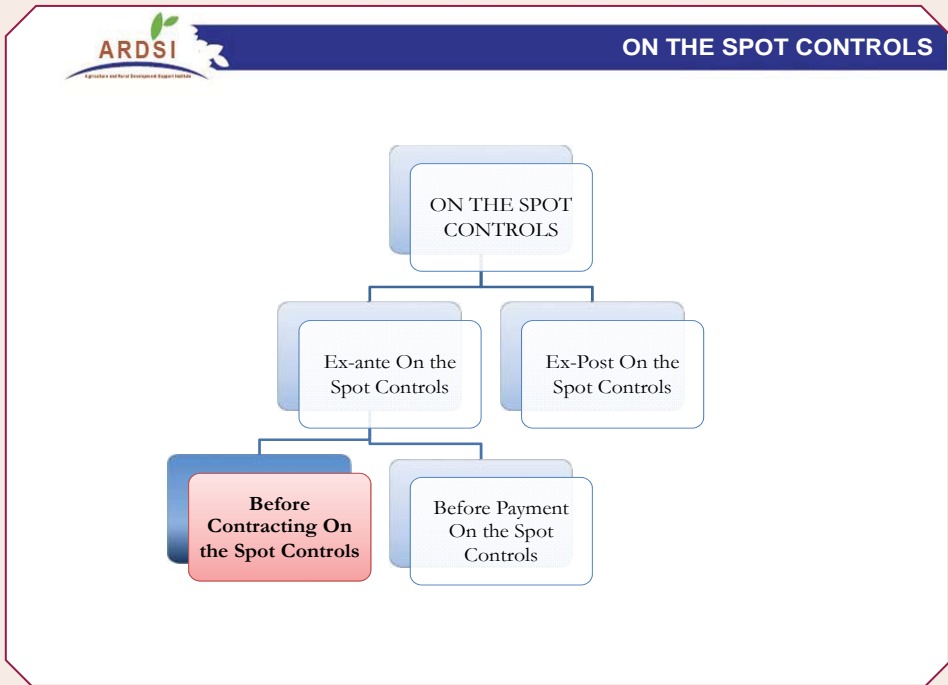
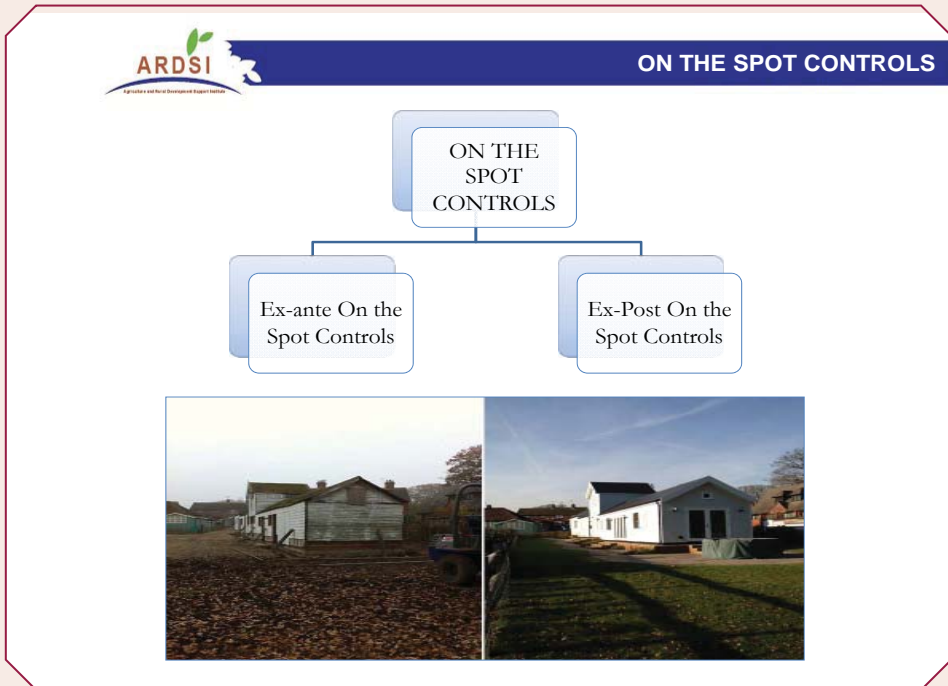
- **II. PART: BEFORE PAYMENT ON THE SPOT CONTROLS**
 - **AIM OF THE CONTROLS**
 - **CONTROL APPROACH**

- **III. PART: EX-POST ON THE SPOT CONTROLS**
 - **AIM OF THE CONTROLS**
 - **CONTROL APPROACH**



I. PART: BEFORE CONTRACTING ON THE SPOT CONTROLS







BEFORE CONTRACTING ON THE SPOT CONTROLS

Aim of the Before Contracting On the Spot Controls

Control of the eligibility and applicability of the investment by technical analyses

Verifying the information and documents presented in the application, the project is started or not and the current situation on the spot



BEFORE CONTRACTING ON THE SPOT CONTROLS

Before Contracting – How to Approach

Office Work

- Technical Project Analysis
- Review of all supporting documents and preparation of checklists

How we do on the spot ?

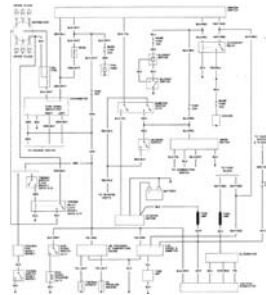
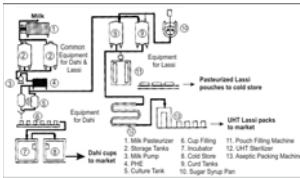
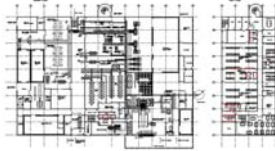
- Verification of current situation
- Verification of non-existence of the project





BEFORE CONTRACTING ON THE SPOT CONTROLS

Technical Project Analysis



BEFORE CONTRACTING ON THE SPOT CONTROLS

Current Situation



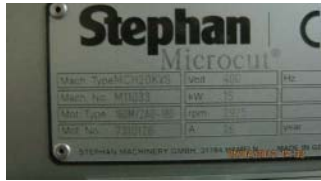
GPS Control





BEFORE CONTRACTING ON THE SPOT CONTROLS

Current Situation



Control of Risky/Similar Assets



BEFORE CONTRACTING ON THE SPOT CONTROLS

Current Situation



Control of Project Surrounding





II. PART: BEFORE PAYMENT ON THE SPOT CONTROLS



On-The-Spot Control

On-The-Spot Controls are done in 3 different stages



Before
Contract
On-The-Spot
Control




Before
Payment
On-The-Spot
Control




Ex-post
On-The-Spot
Control

ARDSI
Agriculture and Rural Development Support Institution


Before Payment On-The-Spot Control



Before Payment
On-The-Spot Control



The aim of before payment on the spot control is the verification of the data stated in the contract and the payment claim package, checking whether the commitments and obligations of the beneficiary have been performed, before payment and during the implementation period of investment.



ARDSI
Agriculture and Rural Development Support Institution

Before Payment On-The-Spot Control

- On-The-Spot Controls includes 2 steps

Office
Work

→

On-The-
Spot

←






Before Payment On-The-Spot Control

Office Work

- Before going on-the-spot experts study the investment with all aspects
- Technical drawings
- Bill of Quantities
- Project dossiers etc.



What is controlled during on-the-spot control?

On-The-Spot Stage

- **Verification of Investment Adress by using GPS.**





What is controlled during on-the-spot control?

Constuction Works is controlled from beginning...



Excavation and Filling Works



What is controlled during on-the-spot control?

**All phases are controlled with all details.
(Beneficiaries notice ARDSI about construction stages and experts perform interim OSCs)**



Foundation Formwork, Concrete Steel and Concrete Works





What is controlled during on-the-spot control?

All phases are controlled with all details



Wall works



What is controlled during on-the-spot control?

Our projects are quickly begin activity with high standards.

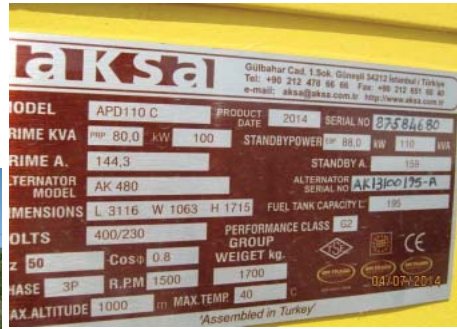




What is controlled during on-the-spot control?

Machinery and Equipment Control

- ❖ Brands,
 - ❖ Serial numbers,
 - ❖ Technical Specifications ,
- are all controlled in detail.



What is controlled during on-the-spot control?

- ❖ Second hand control.





What is controlled during on-the-spot control?

- ❖ “Ready to use or not” control.



What is controlled during on-the-spot control?

Visibility

- Visibility should be controlled!!!





What is controlled during on-the-spot control?

- Accounting Records Control and Financial Sustainability Analysis of Beneficiary
- General Expenditures Control



What is controlled during on-the-spot control?

Most of our OSC experts are engineer.





What is controlled during on-the-spot control?

**With the trainings experts become more experienced.
We have also guide books for experts.**



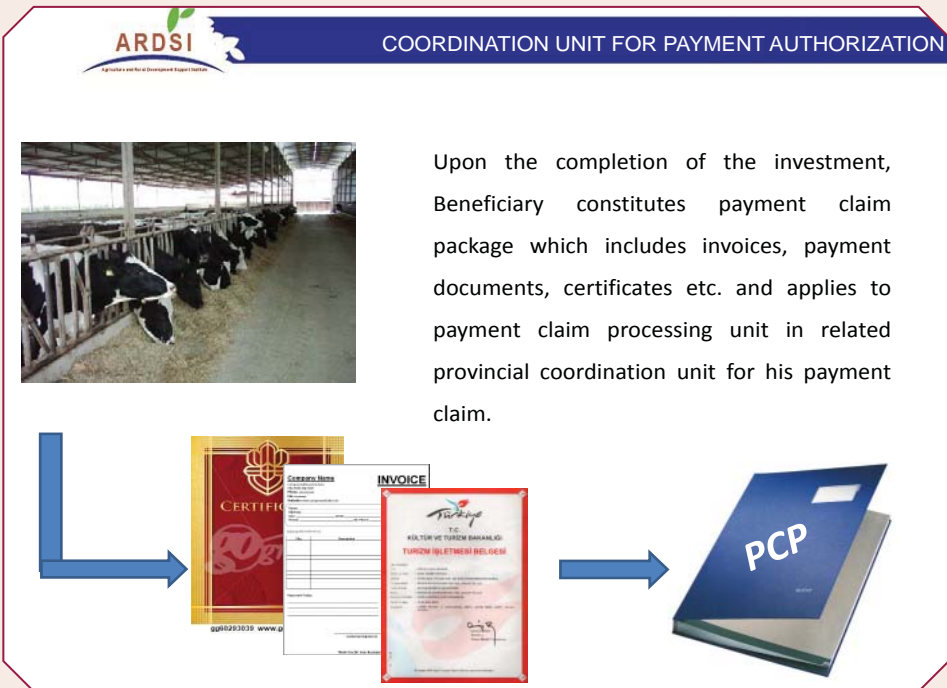
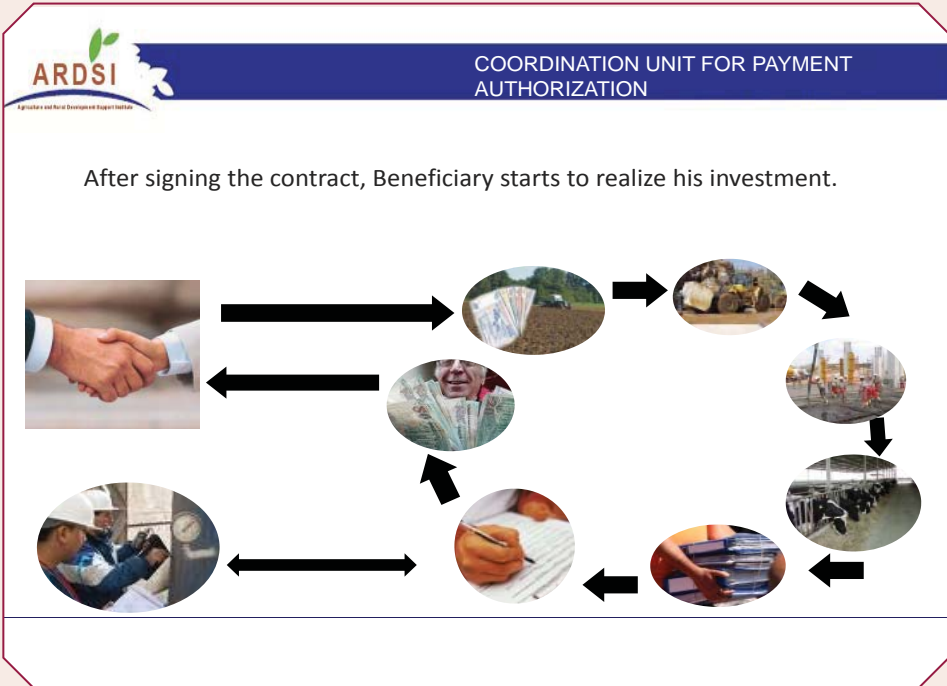
Agriculture and Rural Development Support Institute

General Coordination Unit for Finance

Coordination Unit for Payment Authorization

Payment Authorization Unit







COORDINATION UNIT FOR PAYMENT AUTHORIZATION

Fundamental duty of Payment Claim Processing Unit at province level and Payment Authorization Unit at headquarter level is analysing payment claims and authorizing the amount to be paid to the beneficiary.



COORDINATION UNIT FOR PAYMENT AUTHORIZATION

For this purpose; Whether the beneficiary has performed the conditions stated in the Contract is controlled by invoices, payment documents and documents needed for payment.






COORDINATION UNIT FOR PAYMENT AUTHORIZATION UNIT



In addition, whether the beneficiary has fulfilled the commitments given at the application stage is controlled. For this;

- whether EU standards has been met,
- whether the national minimum standards has been met,
- whether IPARD eligibility criteria has been met or not

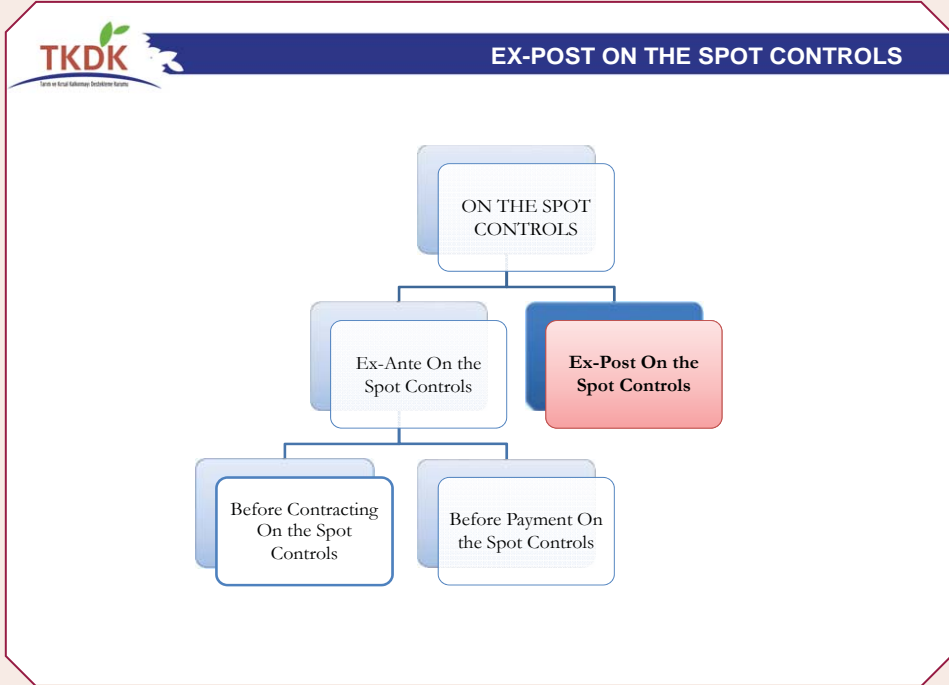
is controlled by certificates and documents received from related technical institutions.



COORDINATION UNIT FOR PAYMENT AUTHORIZATION UNIT

Finally, the authorization is completed by taking into consideration the result of on the spot control.







EX-POST ON THE SPOT CONTROLS

Aim of the Before Contracting On the Spot Controls

After the physical closing of the projects, checking whether the conditions and obligations laid down in the contract and its annexes that is signed by the beneficiary and ARDSI are still continuing

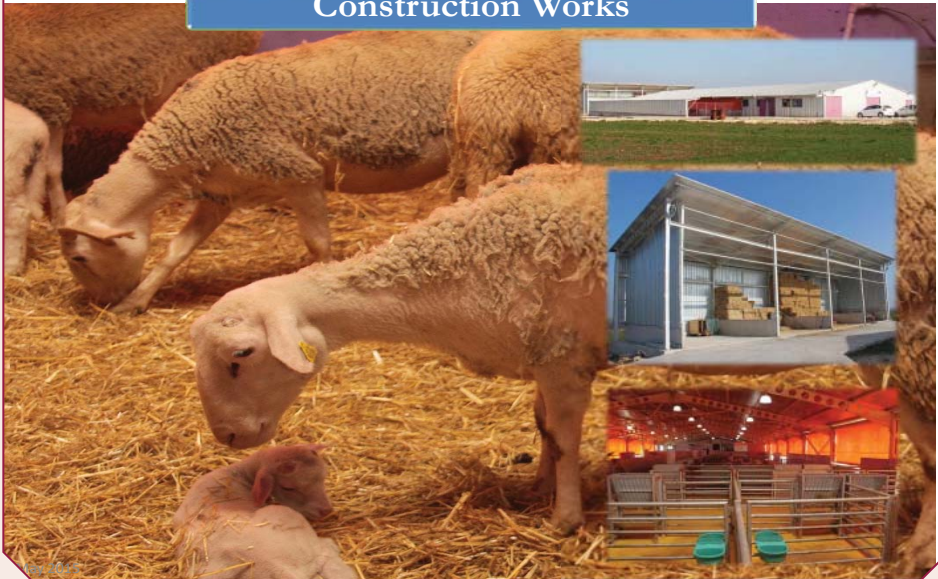
Control of the supported machinery-equipment, construction works, visibility costs and certificates within the scope of investment during ex-post period (during 5 year)

2015



EX-POST ON THE SPOT CONTROLS

Construction Works



ARDSI
Agriculture and Rural Development Support Institution

EX-POST ON THE SPOT CONTROLS

Machinery & Equipment



ARDSI
Agriculture and Rural Development Support Institution

EX-POST ON THE SPOT CONTROLS

Sustainability of Project



Henderson Meat Processors
Dewi Processing Record

Control of Accounting Records & Continuity of Operating Activities



EX-POST ON THE SPOT CONTROLS

Sustainability of Project



Thank you for your attention.



www.tkd.gov.tr





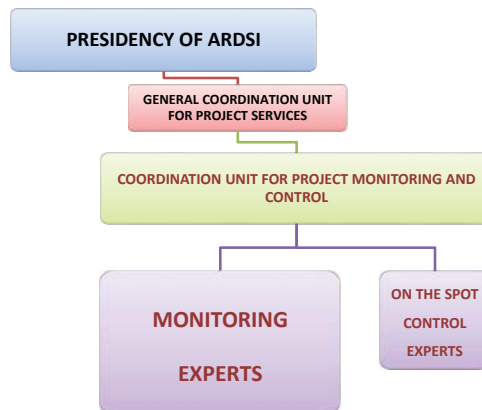
Monitoring & Reporting Activities by ARDSI

14 May 2015, Ankara



Organizational Structure

Monitoring activities at different phases performed by Coordination Unit for Project Monitoring and Control (CUPMC) within General Coordination Unit for Project Services (GCUPS) at Agriculture and Rural Development Support Institute (ARDSI):





Monitoring&Reporting

Monitoring constitutes great importance for on-going assessment of IPARD Programme and provides data for timely adjustment of programme implementation.

For this purpose a monitoring system has been established at IPARD level, including;

- ✓ The **IPARD Monitoring Committee**
- and the monitoring procedures of both Operational Structures:
- ✓ The **Managing Authority** and the **IPARD Agency – ARDSI**.



IPARD Monitoring Committee organized throughout the execution of IPARD Programme to monitor effectiveness and quality of the implementation at programme level together with Managing Authority.

In this context, the progress of the measures on the basis of monitoring indicators has been reported to **IPA Monitoring Committee** and **European Commission** by these bodies.



Monitoring&Reporting



ARDSI has constituted the key role acting as the main data provider for programme implementation.

IPARD Programme Monitoring Tables, which basically shows the progress achieved in terms of **public expenditure** and **output indicators** together with other monitoring documents and is the main document on which the **IPARD Monitoring Committee** follows up the progress and evaluations are made.

In this context, at **ARDSI** level further monitoring has been operated on sectors as well as at project level. In accordance with this aim; ARDSI has continuously followed and periodically reported on the progress of measures being implemented against Programme indicators.






Monitoring & Reporting




Cumulatively registered **IPARD Programme Monitoring Tables** which have been previously approved by **European Commission**; are reported periodically to the **Managing Authority** in line with the reporting periods as specified by the **Memorandum of Understanding** between both bodies.



Phases for Monitoring

Within the scope of IPARD implementation by the beginning of Call for Applications until the end of ex-post period, data of the projects are periodically collected.

Project Phases

Project Application

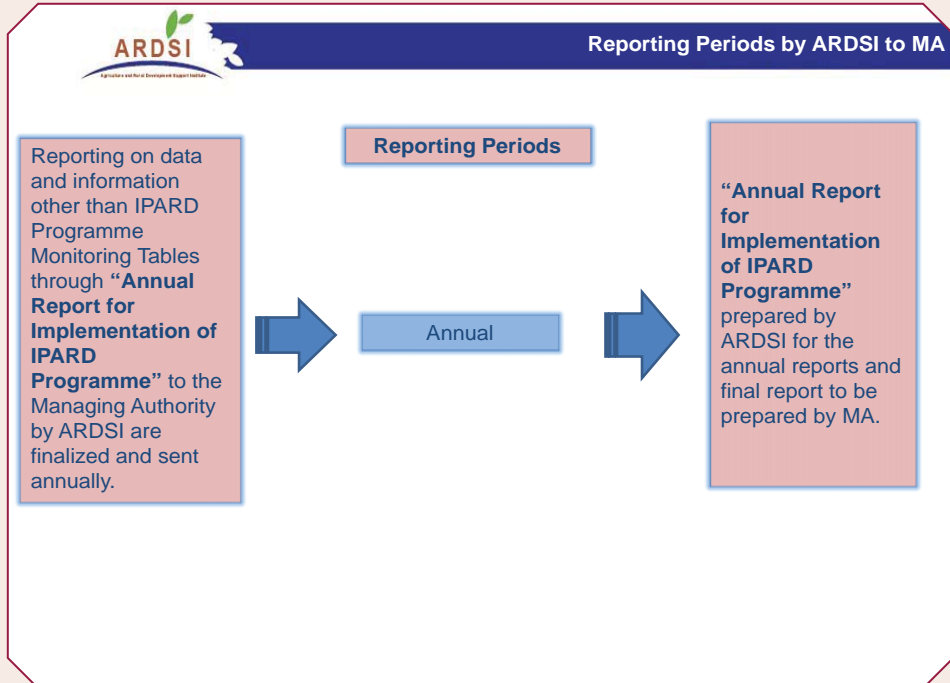
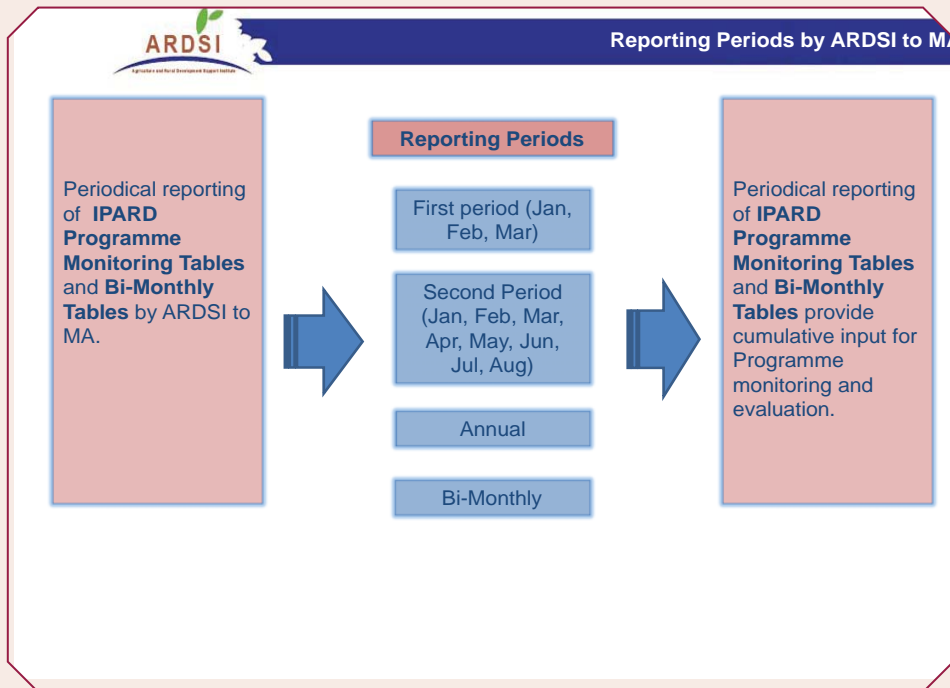
Rejection

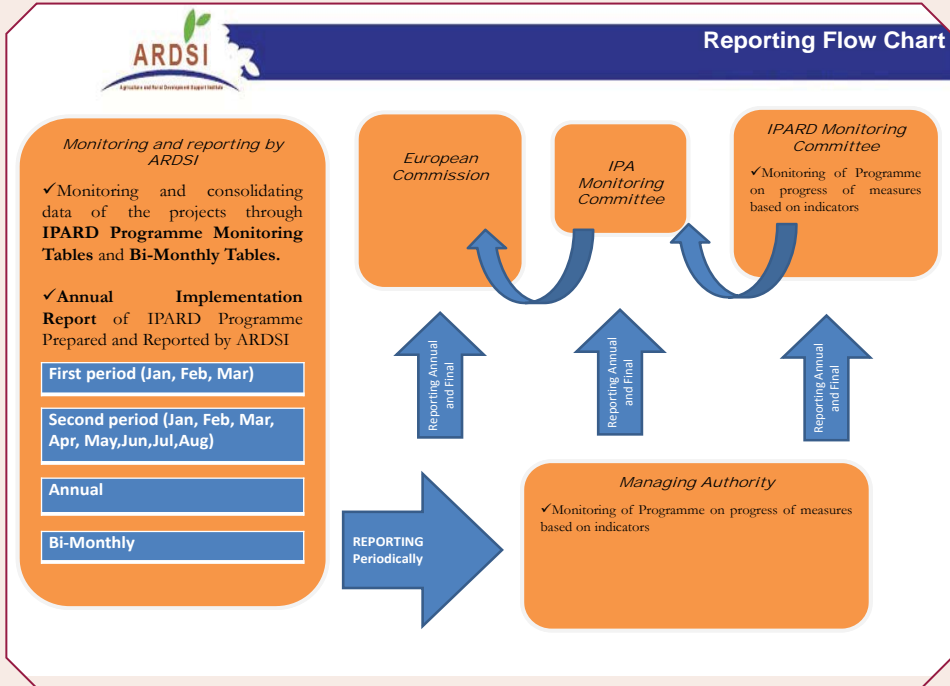
Approval

Payment

Physical Closure

IPARD Programme Monitoring Tables are cumulatively registered.





Thank you for
your attention!!

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COORDINATION UNIT FOR ACCOUNTING

2015



GENERAL INFORMATION





Main Functions Of Accounting

- The accounting procedures of the ARDSI are designed based on the International Public Sector Accounting Standards (IPSAS) and relevant requirements of Sectoral Agreement.
- The accounting system is operated both in Euro and Turkish Lira.
- The accounting of transactions at the ARDSI is based on double entry, analytical and accrual basis accounting system
- The financial year starts on January 1 and ends on December 31



Main Functions Of Accounting

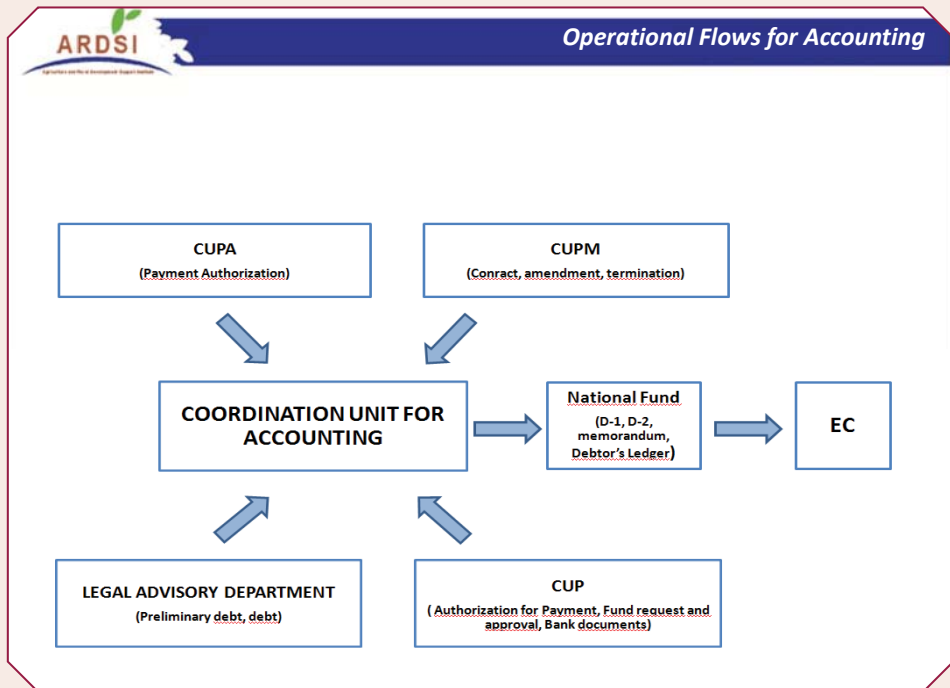
- Accounting for the transactions and related controls;
- Preparation of the declarations of the expenditure and annual accounts, financial reports and periodical reconciliations ;
- Budget monitoring;
- Keeping a debtors' ledger.
- CUAc is also responsible for the Debt Management

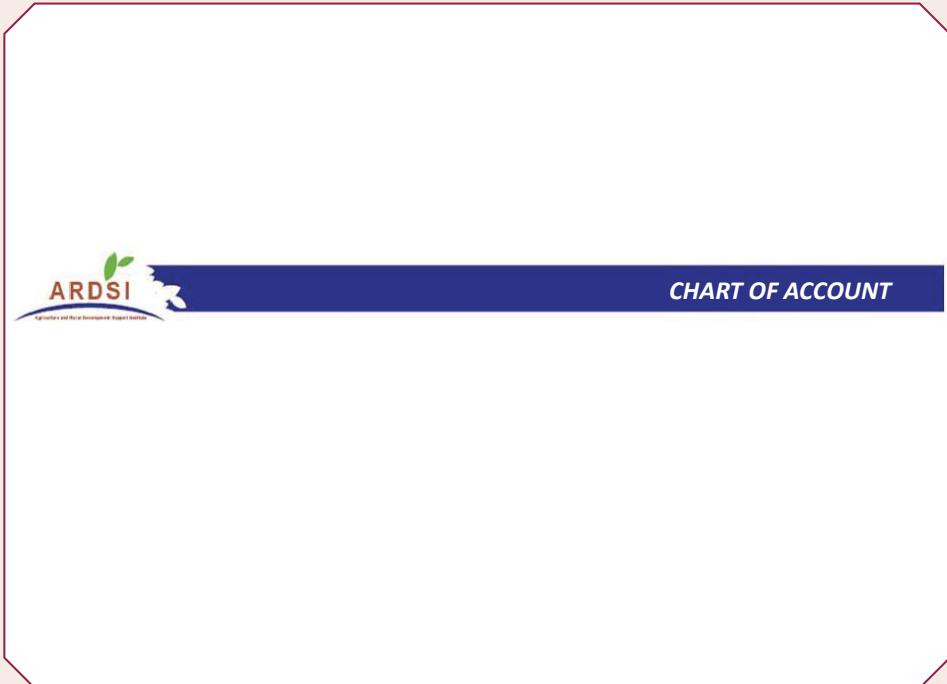


ARDSI *Agribusiness and Rural Development Support Institution*

Basic Duties of Accounting Experts

- Carries out the accounting record processes related to support granted under IPARD Programme.
- Preparing the reconciliation forms and submitting to the relevant institutions.
- Preparing all reports related to CUAc and submission of these reports to the relevant institutions.
- Monitoring the budget of supports under IPARD Programme.
- Making records and other necessary transactions related to the Debtors' Ledger.





The accounts are classified into the following groups:

- Balance sheet asset accounts (cash, receivables, advance payments),
- Balance sheet liability accounts (payables, received prepayments),
- Revenue accounts (subsidies received, interest earned from bank accounts),



Chart of Account

The accounts are classified into the following groups:


- Expense accounts (subsidies paid, interest costs)
- Net asset accounts (accumulated surpluses and deficits)
- Off-balance-sheet accounts (contractual liabilities and receivables; submitted but non-authorised requests for funds; receivables and liabilities arising from the Multi-annual Financing Agreement, etc.).



Chart of Account


- Accounting procedures of ARDSI shall ensure that the accounting system shows total costs, total expenditure undertaken as a commitment, payments of instalments and final accounts both in EUR and national currency for each Regional Office and for each project, contract, measure or sub-measure.
- All the transactions occur in TRY.
- The IPARD Agency keeps the accounting records in 2 currencies – in Turkish Lira and euro, the Turkish lira being the functional currency.




 **Chart of Account**

ARDSI ACCOUNTING SYSTEM PREPARED FOR:

- Multi-Annual Financing Agreement
- Record of contract
- Record of payment authorization
- Fund request and approval
- Record of payment
- Record of debt and recovery


 **Reports Prepared by CUAC**

 **ARDSI**
Agriculture and Rural Development Support Institution

Reports Prepared by CUAC


- Financial Tables prepared by CUAC
 - Balance Sheet
 - Economic Outturn Account
 - Statement of Changes in Net Assets
 - Notes on Accounts

Financial tables prepared in accordance with Sectoral Agreement and International General Accepted Accounting Principles.

 **ARDSI**
Agriculture and Rural Development Support Institution

Reports Prepared by CUAC

- Also, debt reports including are prepared by CUAC.
 - Summary Report on Recoveries,
 - Overpayment Report,
 - Proposal for Writing-off Debts,
 - Debt and Recoveries Report
- Quarterly/Annual declarations prepared by CUAC
 - Declaration of Expenditure and Revenue (D-1)
 - Annual Declaration of Accounts from ARDSI to the NAO (D-2)




Reports Prepared by CUAC

Reconciliations prepared by CUAC

- Monthly Reconciliations
 - Reconciliations between Bank Statements and ARDSI Records
 - Reconciliation between Debtors' Ledger and Irregularity Records
 - Reconciliation between Debtors' Ledger and ARDSI Records
 - Reconciliation Between Departments
 - Reconciliation Between ARDSI and National Fund

- Quarterly Reconciliations/Annual Reconciliations
 - Reconciliation Related to Quarterly/Annual Declarations
 - Reconciliations Related to the Clearance of Accounts
 - Reconciliations between ARDSI and MARA



DEBTORS' LEDGER AND REPORTING OF DEBTS



Debtors' Ledger

- Coordination Unit of Accounting records debts with Debtors' Ledger and prepares debts reports through Debtors' Ledger.
- All debt records to Debtors' Ledger according to debt code. This form is updated by debts changes.



Report of Debts

In accordance with MoU, the reports to be sent to NF prepared by the ARDSI are the following:

- ✓ Debtors' Ledger : submitted to NF by CUAc monthly. CUAc sends the copy of the Debtors' Ledger to NF by the day of each month.
- ✓ Summary Report on Recoveries : Includes details on debts and recoveries related to irregularities. This report sent to NF with D2- Annual Declaration of Accounts for Financial Year.





In accordance with MoU, the reports to be sent to NF prepared by the ARDSI are the following:

- ✓ **Debt and Recovery Report:** showing receivables of ARDSI on debtors basis, prepared by CUAC is submitted to NF in 5 days after recognition of debt and resubmitted for updates for recoveries in 3 days.
- ✓ **Overpayment Report:** the identification of any overpayment and related transfer on the NF IPARD Euro account within 3 working days after the detection of overpayment.





Considering signed contracts and payments, ARDSI budget reported to Project Management Coordination Unit based on years and measures.

Project Management Coordination Unit launches the call for application with budget count.



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Agriculture and Rural Development Support Institute

Agriculture and Rural Development Support Institution Payment Activities

MAY 2015 ANKARA



ARDSI «PAYMENTS»



Payments to **IPARD** Beneficiaries



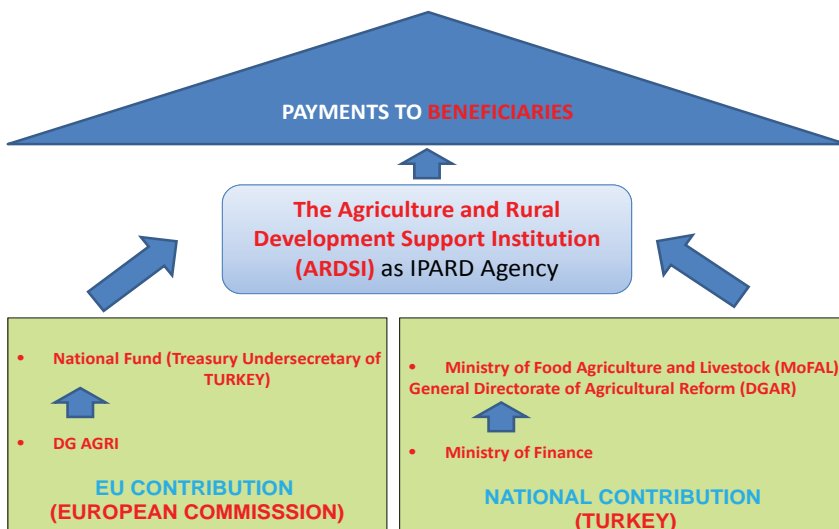


PRESENTATION PLAN

- Actors in Payment Process
- How does ARDSI Pay Money?
- Control Points and Rules
- Relevant Protocols



ACTORS IN PAYMENT PROCESS



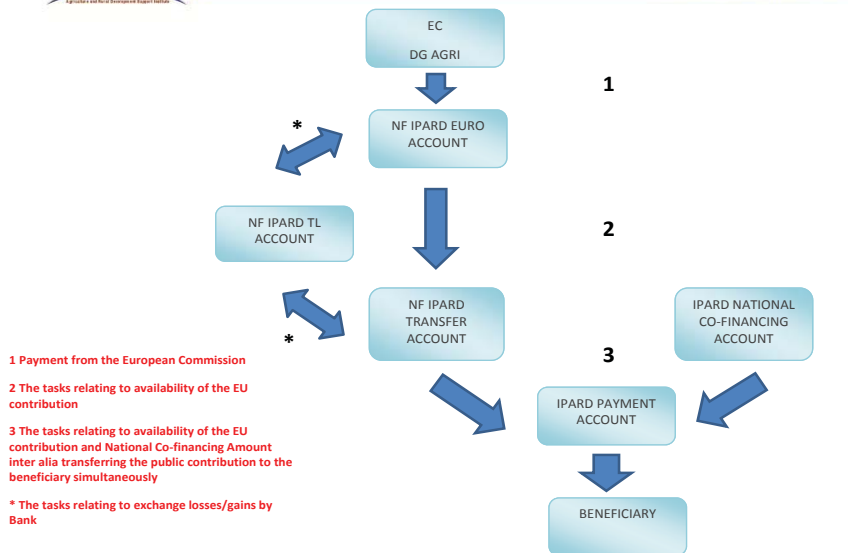


HOW DOES ARDSI PAY MONEY?

- Authorization Forms
- Funds requested by National Fund
- After approval of National Fund, payment orders are given to bank
- Payment orders also are loaded on the computer system of the bank
- Transfers controlled by Experts via bank system



HOW DOES ARDSI PAY MONEY?





HOW DOES ARDSI PAY MONEY?

OPERATIONAL ACTIVITIES REGARDING PAYMENT

- Budgeting
- Cash Flow Forecast
- Fund Request
- Money Transactions
- Recovery Process
- Performing of other tasks in line with procedures.



CONTROL POINTS and RULES

- Made in national currency
- Made only to the beneficiaries' bank accounts
- The payable order(s) shall be issued within 3 working days
- The duration between receipt of the supporting documents needed to make the payment and execution of the transfer shall not exceed 3 months.





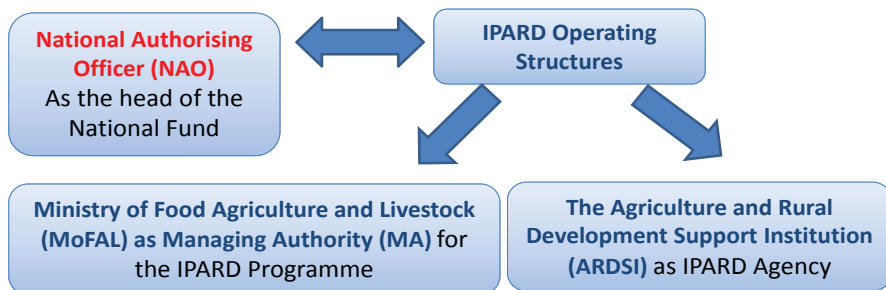
CONTROL POINTS and RULES

- Made by double joint signature
- “four eye principle” used in order to minimize risks
- Checklists used for audit trail.
- Control of each transaction



RELEVANT PROTOCOLS

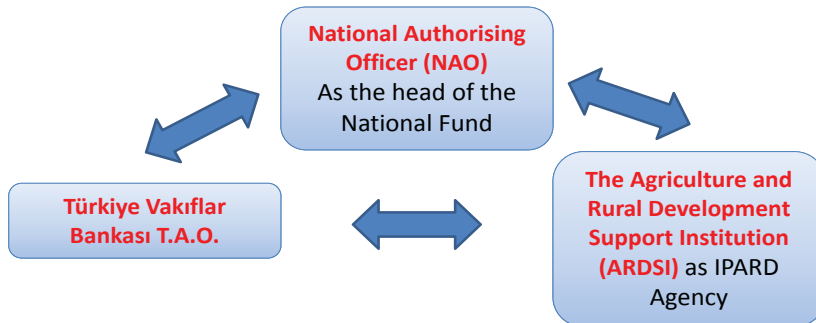
- **Memorandum of Understanding between the National Authorizing Officer (NAO) and the IPARD Operating Structures**





RELEVANT PROTOCOLS

- **Bank Protocol between ARDSI, National Fund (NF) and The Bank**



RELEVANT PROTOCOLS

- **Budget Protocol between ARDSI and MoFAL DGAR**

Ministry of Food Agriculture and Livestock
(MoFAL) General Directorate of Agricultural
Reform (DGAR)



The Agriculture and
Rural Development
Support Institution
(ARDSI) as IPARD
Agency





RELEVANT PROTOCOLS

- **Protocols signed by banks and Cooperatives**

1. DENİZBANK ANONİM ŞİRKETİ
2. ŞEKERBANK TÜRK ANONİM ŞİRKETİ
3. T.C. ZİRAAT BANKASI A.Ş.
4. TÜRK EKONOMİ BANKASI A.Ş.
5. KUVEYT TÜRK KATILIM BANKASI A.Ş.
7. TÜRKİYE GARANTİ BANKASI A.Ş.
8. TÜRKİYE İŞ BANKASI T.A.O.
9. TÜRKİYE VAKIFLAR BANKASI T.A.O.



RELEVANT PROTOCOLS

10. YAPI VE KREDİ BANKASI A.Ş.
11. ALTERNATİF BANK A.Ş.
12. BURGAN BANK A.Ş.
13. FİNANSBANK A.Ş.
14. ALBARAKA TÜRK KATILIM BANKASI A.Ş.
15. TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
16. ANADOLUBANK A.Ş.
17. FİBANK A.Ş.
18. AGRICULTURAL CREDIT COOPERATIVES



Agriculture and Rural Development Support Institute

THANK YOU.

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EXPERT
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MAY 2015 ANKARA

